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CITY OF OPELOUSAS, LOUISIANA
FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/14/07

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Donald Cravins, Sr., Mayor
 and the Board of Aldermen
 City of Opelousas, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Opelousas, Louisiana, as of and for the year ended August 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Opelousas, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Opelousas, Louisiana, as of August 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 23, 2007 on our consideration of the City of Opelousas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

To the Honorable Donald Cravins, Sr., Mayor
and the Board of Aldermen
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The other required supplementary information on pages 54 through 57 is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The City of Opelousas has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement although not required to be part of the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Opelousas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the United States Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organizations," and is also not a required part of the financial statements of the City of Opelousas, Louisiana. The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

John S. Dowling & Company

Opelousas, Louisiana
February 23, 2007

BASIC FINANCIAL STATEMENTS

The City of Opelousas's basic financial statements comprise the following three components:

Government-wide financial statements - provides readers with a broad overview of the City of Opelousas' finances in a manner similar to a private sector business.

Fund financial statements - provides readers information with an emphasis on inflows and outflows of resources useful for making decisions in a budgetary context where the focus is on meeting the City's near-term financial needs.

Notes to financial statements - provides additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF NET ASSETS
AUGUST 31, 2006

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	
	ACTIVITIES	ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and cash equivalents	\$7,405,870	\$915,238	\$8,321,108
Investments	2,769,425		2,769,425
Receivables (net of allowances for uncollectibles)	895,441	1,403,292	2,298,733
Internal balances	5,334	(5,334)	
Due from other governments	240,926		240,926
Inventory	35,624	22,457	58,081
Restricted assets	5,056,595	10,772,261	15,828,856
Bond issue costs, net	64,470	524,801	589,271
Capital assets (net)	10,686,317	20,195,936	30,882,253
<u>Total assets</u>	<u>27,160,002</u>	<u>33,828,651</u>	<u>60,988,653</u>
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	1,246,755	211,423	1,458,178
Claims payable	137,636		137,636
Interest payable	11,123		11,123
Due to other government units	399,255		399,255
Payable from restricted assets		1,097,794	1,097,794
Taxes paid under protest	2,579		2,579
Long-term liabilities			
Due within one year	693,017	989,000	1,682,017
Due in more than one year	7,316,451	18,407,463	25,723,914
<u>Total liabilities</u>	<u>9,806,816</u>	<u>20,705,680</u>	<u>30,512,496</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	9,667,111	8,873,831	18,540,942
Restricted for:			
Insurance claims	3,967,835		3,967,835
Debt service	2,017	8,316,198	8,318,215
Customers' deposits		252,325	252,325
Protest taxes	140		140
Construction	5,051,859	116,944	5,168,803
Unrestricted	(1,335,776)	(4,436,327)	(5,772,103)
<u>Total net assets</u>	<u>17,353,186</u>	<u>13,122,971</u>	<u>30,476,157</u>

The accompanying notes are an integral part of this statement.

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF ACTIVITIES
AUGUST 31, 2006

	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS	
	FEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL BUSINESS-TYPE ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>FUNCTIONS/PROGRAMS</u>						
Governmental Activities						
General government	\$2,131,855	\$378,270		(\$1,753,585)		(\$1,753,585)
Public safety	7,344,021	200	\$126,701	(7,091,453)		(7,091,453)
Public works	2,039,357	4,486		(2,034,871)		(2,034,871)
Health and welfare	244,395	1,000		(177,776)		(177,776)
Culture and recreation	1,678,713	7,610		(1,476,606)		(1,476,606)
Economic development	98,855			(98,855)		(98,855)
Insurance claims and costs	563,538			(563,538)		(563,538)
Interest and fees on debt	212,581			(212,581)		(212,581)
<u>Total governmental activities</u>	<u>14,313,315</u>	<u>387,080</u>	<u>126,701</u>	<u>(13,409,265)</u>	<u>0</u>	<u>(13,409,265)</u>
Business-type Activities						
Electric Light and Waterworks	2,834,151	4,929,073			\$2,094,922	2,094,922
Sewer	1,828,099	2,050,570			222,471	222,471
OREC	14	9,812			9,798	9,798
<u>Total business-type activities</u>	<u>4,662,264</u>	<u>6,989,455</u>	<u>0</u>	<u>0</u>	<u>2,327,191</u>	<u>2,327,191</u>
<u>Total primary government</u>	<u>18,975,579</u>	<u>7,379,724</u>	<u>126,701</u>	<u>(13,409,265)</u>	<u>2,327,191</u>	<u>(11,082,074)</u>
General Revenues						
Taxes						
Property taxes, levied for general purposes				837,125		837,125
Sales taxes, levied for general purposes				8,911,006		8,911,006
Franchise taxes				1,300,448		1,300,448
Interest and investment earnings				215,417	385,237	600,654
Occupational licenses and other permits				773,515		773,515

Continued on next page.

The accompanying notes are an integral part of this statement.

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF ACTIVITIES - (CONTINUED)
AUGUST 31, 2006

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS	
	FEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Racino income	\$216,953					\$216,953
Video poker revenue	116,951					116,951
State beer tax	51,145					51,145
Insurance rebate	62,651					62,651
Miscellaneous	594,974					594,974
Donation of capital asset	780,000					780,000
Gain on capital assets retired	23,579					23,579
Transfers	1,757,966				(\$1,757,966)	
Total general revenues and transfers	15,641,730				(1,372,729)	14,269,001
Change in net assets	2,232,465				954,462	3,186,927
Net assets - September 1, 2005	15,120,721				12,168,509	27,289,230
Net assets - August 31, 2006	17,353,186				13,122,971	30,476,157

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF OPELOUSAS, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2006

	<u>GENERAL</u>	<u>SALES TAX</u>	<u>OTHER GOVERNMENTAL</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$881,211	\$3,950,702	\$729,887	\$5,561,800
Receivables, net of allowances for uncollectibles -				
Accounts		6,219	888,807	895,026
Due from other funds	5,344	250,000		255,344
Due from other governmental units	240,926			240,926
Inventory - at cost	35,624			35,624
Cash - restricted	5,056,595			5,056,595
<u>Total assets</u>	<u>6,219,700</u>	<u>4,206,921</u>	<u>1,618,694</u>	<u>12,045,315</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts payable and accrued expenses	\$694,872		\$33,096	\$727,968
Deferred revenue - protest taxes	2,579			2,579
Due to other funds	76,656		5	76,661
Due to other governmental units	399,255			399,255
Accrued compensated . absences	218,587			218,587
<u>Total liabilities</u>	<u>1,391,949</u>	<u>0</u>	<u>33,101</u>	<u>1,425,050</u>
<u>FUND BALANCES</u>				
Reserved for debt service	2,017			2,017
Reserved for construction	5,051,859			5,051,859
Reserved for inventory	35,624			35,624
Reserved for protest taxes	140			140
Unreserved, undesignated				
General Fund	(261,889)			(261,889)
Special Revenue funds		\$4,206,921	42,870	4,249,791
Debt Service funds			1,317,422	1,317,422
Capital Projects funds			225,301	225,301
<u>Total fund balances</u>	<u>4,827,751</u>	<u>4,206,921</u>	<u>1,585,593</u>	<u>10,620,265</u>
<u>Total liabilities and fund balances</u>	<u>6,219,700</u>	<u>4,206,921</u>	<u>1,618,694</u>	<u>12,045,315</u>

The accompanying notes are an integral part of this statement.

CITY OF OPELOUSAS, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
AUGUST 31, 2006

Total fund balances for governmental funds at August 31, 2006		\$10,620,265
Cost of capital assets at August 31, 2006	\$17,910,788	
Less: Accumulated depreciation as of August 31, 2006	<u>(7,235,819)</u>	10,674,969
Long-term liabilities at August 31, 2006		
Bonds payable	(6,005,000)	
Capital leases payable	(106,074)	
Compensated absences	(928,819)	
Municipal Police Employees' Retirement payable	(923,337)	
Interest payable	<u>(11,123)</u>	(7,974,353)
Bond issue costs, net		64,470
Assets and liabilities of Internal Service Funds		<u>3,967,835</u>
Net assets at August 31, 2006		<u><u>17,353,186</u></u>

The accompanying notes are an integral part of this statement.

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2006

	<u>GENERAL</u>	<u>SALES TAX</u>	<u>OTHER GOVERNMENTAL</u>	<u>TOTAL</u>
<u>REVENUES</u>				
Taxes	\$ 2,137,573	\$8,911,006		\$11,048,579
Licenses and permits	773,515			773,515
Intergovernmental	988,020		\$15,325	1,003,345
Charges for services	164,092			164,092
Fines and forfeitures	125,667			125,667
Investment earnings			17,170	17,170
Other	533,396	97,123	23,101	653,620
<u>Total revenues</u>	<u>4,722,263</u>	<u>9,008,129</u>	<u>55,596</u>	<u>13,785,988</u>
<u>EXPENDITURES</u>				
Current				
General government	1,951,259	97,506	6,800	2,055,565
Public safety	6,728,412			6,728,412
Public works	1,967,110		22,550	1,989,660
Health and welfare	241,235			241,235
Culture and recreation	1,384,475	191,400		1,575,875
Economic development	97,942			97,942
Capital outlay	1,817,700			1,817,700
Debt service				
Principal, interest, and other charges	641,306		7,531	648,837
<u>Total expenditures</u>	<u>14,829,439</u>	<u>288,906</u>	<u>36,881</u>	<u>15,155,226</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(10,107,176)</u>	<u>8,719,223</u>	<u>18,715</u>	<u>(1,369,238)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	8,746,750			8,746,750
Inception of capital leases	138,866			138,866
General obligation bond proceeds	5,920,000			5,920,000
Sale of capital assets	30,933			30,933
Operating transfers out	(340,000)	(7,443,784)		(7,783,784)
<u>Total other financing sources (uses)</u>	<u>14,496,549</u>	<u>(7,443,784)</u>	<u>0</u>	<u>7,052,765</u>

Continued on next page.

The accompanying notes are an integral part of this statement.

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES- (CONTINUED)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2006

	<u>GENERAL</u>	<u>SALES TAX</u>	<u>OTHER GOVERNMENTAL</u>	<u>TOTAL</u>
<u>NET CHANGE IN FUND BALANCES</u>	\$4,389,373	\$1,275,439	\$18,715	\$5,683,527
<u>FUND BALANCES,</u> beginning of year	<u>438,378</u>	<u>2,931,482</u>	<u>1,566,878</u>	<u>4,936,738</u>
<u>FUND BALANCES,</u> end of year	<u>4,827,751</u>	<u>4,206,921</u>	<u>1,585,593</u>	<u>10,620,265</u>

The accompanying notes are an integral part of this statement.

CITY OF OPELOUSAS, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2006

Total net change in fund balances for the year ended August 31, 2006 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$5,683,527
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$1,817,700	
Depreciation expense for the year ended August 31, 2006	<u>(593,541)</u>	1,224,159
Book value of capital assets retired		(7,354)
Donation of capital assets which is not income on Statement of Revenues, Expenditures and Changes in Fund Balances		780,000
Bond principal retirement considered an expenditure on Statement of Revenues, Expenditures and Changes in Fund Balances		277,105
Issuance of general obligation bonds which is not income on full accrual		(5,920,000)
Net income of the Internal Service Funds not included on Statement of Activities		197,438
Increase in long-term compensated absences		(338,755)
Bond issue costs considered an expenditure on Statement of Revenues, Expenditures and Changes in Fund Balances		61,386
Amortization on bond issue costs		(1,536)
Inception of capital leases which is not income on full accrual basis		(138,866)
Change in long-term debt:		
Capital leases payable	99,301	
Disability payable	232,271	
Municipal Police Employees' Retirement payable	82,805	
Interest payable	<u>984</u>	<u>415,361</u>
<u>Total change in net assets for the year ended</u> <u>August 31, 2006 per Statement of Activities</u>		<u>2,232,465</u>

The accompanying notes are an integral part of this statement.

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AUGUST 31, 2006

ASSETS	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
	ELECTRIC LIGHT AND WATERWORKS	SEWER	OTHER ENTERPRISE FUNDS	
<u>CURRENT ASSETS</u>				
Cash and cash equivalents	\$532,594	\$284,685	\$97,959	\$1,844,070
Investments				2,769,425
Receivables, (net where applicable of of uncollectibles)				
Customers	553,404	531,900	1,085,304	
Notes			131,645	
Other	185,781	562	186,343	415
Due from other funds	480,363		480,363	555
Inventories	22,189	268	22,457	
Total current assets	1,774,331	817,415	229,604	4,614,465
<u>RESTRICTED ASSETS</u>				
Cash and cash equivalents	9,738,068	772,982	10,511,050	
Investments	261,211		261,211	
Total restricted assets	9,999,279	772,982	10,772,261	0
<u>PROPERTY, PLANT AND EQUIPMENT</u>				
Property, plant and equipment	24,853,324	22,417,819	47,271,143	14,093
Less: accumulated depreciation	(18,791,543)	(8,283,664)	(27,075,207)	(2,745)
Net property, plant and equipment	6,061,781	14,134,155	20,195,936	11,348
<u>OTHER</u>				
Deferred financing costs	462,642	62,159	524,801	
Total assets	18,298,033	15,786,711	34,314,348	4,625,813

Continued on next page.

The accompanying notes are an integral part of this statement.

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF NET ASSETS - (CONTINUED)
PROPRIETARY FUNDS
AUGUST 31, 2006

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL
	ELECTRIC LIGHT AND WATERWORKS	SEWER	OTHER ENTERPRISE	TOTAL ENTERPRISE FUNDS	ACTIVITIES - INTERNAL SERVICE FUND
<u>LIABILITIES</u>					
<u>CURRENT LIABILITIES (from current assets)</u>					
Accounts payable and accrued payable	\$131,040	\$42,967		\$174,007	\$269,787
Claims payable					137,636
Due to other funds	28,933	494,180		523,113	250,555
<u>Total</u>	<u>159,973</u>	<u>537,147</u>	<u>0</u>	<u>697,120</u>	<u>657,978</u>
<u>CURRENT LIABILITIES (from restricted assets)</u>					
Bonds payable within one year	395,000	594,000		989,000	
Construction payable	402,540			402,540	
Customers' meter deposits	695,254			695,254	
<u>Total</u>	<u>1,492,794</u>	<u>594,000</u>	<u>0</u>	<u>2,086,794</u>	<u>0</u>
<u>Total current liabilities</u>	<u>1,652,767</u>	<u>1,131,147</u>	<u>0</u>	<u>2,783,914</u>	<u>657,978</u>
<u>LONG-TERM LIABILITIES</u>					
Revenue bonds payable	9,515,000	8,802,999		18,317,999	
Compensated absences	65,677	23,787		89,464	
<u>Total long-term liabilities</u>	<u>9,580,677</u>	<u>8,826,786</u>	<u>0</u>	<u>18,407,463</u>	<u>0</u>
<u>Total liabilities</u>	<u>11,233,444</u>	<u>9,957,933</u>	<u>0</u>	<u>21,191,377</u>	<u>657,978</u>

Continued on next page.

The accompanying notes are an integral part of this statement.

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF NET ASSETS - (CONTINUED)
PROPRIETARY FUNDS
AUGUST 31, 2006

<u>NET ASSETS</u>	<u>BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS</u>			<u>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND</u>
	<u>ELECTRIC LIGHT AND WATERWORKS</u>	<u>SEWER</u>	<u>OTHER ENTERPRISE FUNDS</u>	
Invested in capital assets, net of related debt	\$3,480,516	\$5,393,315	\$8,873,831	
Restricted for:				
Insurance claims				\$3,967,835
Bond retirement	8,214,085	102,113	8,316,198	
Construction	40,075	76,869	116,944	
Customers' meter deposits	252,325		252,325	
Unrestricted	(4,922,412)	256,481	(4,436,327)	
<u>Total net assets</u>	<u>7,064,589</u>	<u>5,828,778</u>	<u>13,122,971</u>	<u>3,967,835</u>

The accompanying notes are an integral part of this statement.

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2006

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL
	ELECTRIC LIGHT AND WATERWORKS	SEWER	OTHER ENTERPRISE	TOTAL ENTERPRISE FUNDS	ACTIVITIES - INTERNAL SERVICE FUND
<u>OPERATING REVENUES</u>					
Charges for services					
Utilities	\$4,271,746	\$2,005,570		\$6,277,316	
Interest			\$9,812	9,812	\$2,702,536
Premiums					
Other	58,490	45,000		103,490	
Total operating revenues	4,330,236	2,050,570	9,812	6,390,618	2,702,536
<u>OPERATING EXPENSES</u>					
Personal services	896,978	232,524		1,129,502	
Supplies and materials	331,024	41,538		372,562	
Other services and charges	844,903	536,831		1,381,734	3,498,345
Repairs and maintenance	131,854	86,183		218,037	
Depreciation	323,597	555,025		878,622	
Legal fees			14	14	
Total operating expenses	2,528,356	1,452,101	14	3,980,471	3,498,345
<u>OPERATING INCOME (LOSS)</u>	1,801,880	598,469	9,798	2,410,147	(795,809)
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Investment income	377,934	7,303		385,237	198,247
Other non-operating revenues	598,837			598,837	
Interest and fiscal charges	(305,795)	(375,998)		(681,793)	
Total non-operating revenues (expenses)	670,976	(368,695)	0	302,281	198,247

Continued on next page.

The accompanying notes are an integral part of this statement.

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2006

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			GOVERNMENTAL
	ELECTRIC	OTHER	TOTAL	ACTIVITIES -
	LIGHT AND	ENTERPRISE	ENTERPRISE	INTERNAL
	WATERWORKS	SEWER	FUNDS	SERVICE FUND
<u>INCOME (LOSS) BEFORE</u>				
<u>OPERATING TRANSFERS</u>	<u>\$2,472,856</u>	<u>\$229,774</u>	<u>\$2,712,428</u>	<u>(\$597,562)</u>
<u>OPERATING TRANSFERS IN (OUT)</u>				
Operating transfers in	29,640	391,105	420,745	1,107,253
Operating transfers out	(1,932,426)	(246,285)	(2,178,711)	(312,253)
Total operating transfers in (out)	<u>(1,902,786)</u>	<u>144,820</u>	<u>(1,757,966)</u>	<u>795,000</u>
Increase in net assets	570,070	374,594	954,462	197,438
<u>NET ASSETS, beginning of year</u>	<u>6,494,519</u>	<u>5,454,184</u>	<u>12,168,509</u>	<u>3,770,397</u>
<u>NET ASSETS, end of year</u>	<u>7,064,589</u>	<u>5,828,778</u>	<u>13,122,971</u>	<u>3,967,835</u>

The accompanying notes are an integral part of this statement.

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2006

	<u>BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS</u>				<u>GOVERNMENTAL</u>
	<u>ELECTRIC</u>	<u>SEWER</u>	<u>OTHER</u>	<u>TOTAL</u>	<u>ACTIVITIES -</u>
	<u>LIGHT AND</u>		<u>ENTERPRISE</u>	<u>ENTERPRISE</u>	<u>INTERNAL</u>
	<u>WATERWORKS</u>			<u>FUNDS</u>	<u>SERVICE FUND</u>
<u>CASH FLOWS FROM OPERATING</u>					
<u>ACTIVITIES</u>					
Cash received from customers	\$4,288,916	\$2,014,675	\$28,382	\$6,331,973	\$2,704,053
Loan proceeds distributed			(60,000)	(60,000)	
General and administrative expenses paid					(61,969)
Cash payments to suppliers for goods					
and services	(1,313,873)	(687,309)		(2,001,182)	(3,479,562)
Claims paid					(40,530)
Legal expenses paid			(14)	(14)	
Cash payments to employees					
for services	(899,163)	(247,554)		(1,146,717)	
Net cash provided (used) by					
operating activities	2,075,880	1,079,812	(31,632)	3,124,060	(878,008)
<u>CASH FLOWS FROM NON-CAPITAL</u>					
<u>FINANCING ACTIVITIES</u>					
Operating transfers in	39,689	391,105		430,794	1,107,253
Operating transfers out	(1,983,661)	(424,289)		(2,407,950)	(312,253)
Surcharge and other	872,784			872,784	
Net cash provided (used) by					
non-capital financing activities	(1,071,188)	(33,184)	0	(1,104,372)	795,000

Continued on next page.
The accompanying notes are an integral part of this statement.

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF CASH FLOWS - (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2006

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
	ELECTRIC LIGHT AND WATERWORKS	SEWER	OTHER ENTERPRISE FUNDS	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from revenue bonds issued	\$7,800,000		\$7,800,000	
Purchase of fixed assets	(731,367)	(\$89,374)	(820,741)	
Principal on revenue bonds paid	(350,000)	(566,000)	(916,000)	
Interest on revenue bonds paid	(305,795)	(375,998)	(681,793)	
Payment for debt issue cost	(355,755)		(355,755)	
<u>Net cash provided (used) by capital and related financing activities</u>	6,057,083	(1,031,372)	5,025,711	0

<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Proceeds from sales of investments				\$334,000
Purchase of investments	(11,200)		(11,200)	(130,182)
Interest on investments	377,934	7,303	385,237	198,247
Net cash provided by investing activities	366,734	7,303	374,037	402,065
<u>NET INCREASE (DECREASE) IN CASH</u>				
	7,428,509	22,559	7,419,436	319,057
<u>CASH, September 1, 2005</u>	2,842,153	1,035,108	4,006,852	1,525,013
<u>CASH, August 31, 2006</u>	10,270,662	1,057,667	11,426,288	1,844,070

Continued on next page.
The accompanying notes are an integral part of this statement.

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF CASH FLOWS - (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2006

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			GOVERNMENTAL
	ELECTRIC LIGHT AND WATERWORKS	SEWER	OTHER ENTERPRISE FUNDS	ACTIVITIES - INTERNAL SERVICE FUND
	<u>\$1,801,880</u>	<u>\$598,469</u>	<u>\$9,798</u>	<u>(\$795,809)</u>
RECONCILIATION OF OPERATING				
INCOME (LOSS) TO NET CASH				
PROVIDED (USED) BY OPERATING				
ACTIVITIES				
Operating income (loss)				
Adjustments to reconcile operating				
income (loss) to net cash provided				
(used) by operating activities:				
Depreciation	317,332	541,905		1,359
Amortization of bond issuance cost	6,265	13,120		
(Increase) decrease in accounts				
receivable	(96,526)	(35,895)	(41,430)	1,517
(Increase) decrease in inventory	(100)	(77)	(177)	
(Increase) decrease in due from others		(562)	(562)	
Increase (decrease) in accounts				
payable	(5,992)	(22,118)	(28,110)	259,437
Increase (decrease) in claims				
payable				(344,512)
Increase (decrease) in customers'				
meter deposits	55,206		55,206	
Increase (decrease) in accrued				
compensated absences	(2,185)	(15,030)		
Total adjustments	<u>274,000</u>	<u>481,343</u>	<u>(41,430)</u>	<u>(82,199)</u>
Net cash provided (used) by				
operating activities	<u>2,075,880</u>	<u>1,079,812</u>	<u>(31,632)</u>	<u>(878,008)</u>

The accompanying notes are an integral part of this statement.

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
AUGUST 31, 2006

	<u>PAYROLL ACCOUNT</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$98,935
Due from other funds	<u>258,931</u>
<u>Total assets</u>	<u><u>357,866</u></u>
 <u>LIABILITIES</u>	
Accounts payable and accrued expenses	\$213,002
Due to other funds	<u>144,864</u>
<u>Total liabilities</u>	<u><u>357,866</u></u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City of Opelousas, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements (GWFS) and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For Enterprise funds, GASB Statements Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in the subsequent subsection of this note.

A. FINANCIAL REPORTING ENTITY

The City of Opelousas, Louisiana, was incorporated under the provisions of the State of Louisiana per LA R.S. 33:321-481. The City operates under the Mayor and Board of Aldermen form of government. In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity." Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The municipality has oversight of other component units that are either, blended into the municipalities basic financial statements or discretely presented in a separate column in the government-wide financial statements.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. FINANCIAL REPORTING ENTITY - Continued

Based on the foregoing criteria, the following governmental organizations are not considered part of the City and are thus excluded from the accompanying financial statements for the reasons noted:

The Opelousas Housing Authority was chartered by the City, and its Board of Directors is appointed by the Mayor and Board of Aldermen. However, the City's oversight responsibilities in the management of operations and financial accountability are remote.

The City of Opelousas has no authority over nor is it involved with the record keeping of the Opelousas Volunteer Fire Department.

The Opelousas City Court is operated under the directorship of the Opelousas City Judge who is an elected public official. Revenues are derived from court costs and appropriations from the City's General Fund. However, the City cannot significantly influence operations nor does it have responsibility for fiscal management.

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Assets and the Statement of Activities display information on all of the nonfiduciary activities of the City of Opelousas, the primary government, as a whole. They include all funds of the reporting entity. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City of Opelousas' Internal Service Fund is a governmental activity. Internal Service Fund activity is eliminated to avoid "doubling up" revenues and expenses. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. BASIS OF PRESENTATION - Continued

FUND FINANCIAL STATEMENTS

Fund financial statements of the City are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Fund financial statements report detailed information about the City of Opelousas. As a general rule, interfund eliminations are not made in the fund financial statements.

The various funds of the City are classified into three categories: governmental, proprietary, and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City of Opelousas. It accounts for all financial resources except those required to be accounted for in other funds.

The Sales Tax Fund accounts for the collection and expenditure for the City's two (2) 1 percent sales tax and the 0.2 percent sales tax.

The City reports the following major proprietary funds:

The Electric Light and Waterworks Fund accounts for electricity and water services to residents of the City of Opelousas. All activities necessary to provide such services are accounted for in this fund, including but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

The Sewer Fund accounts for sewer services to the City of Opelousas. All activities necessary to provide such services are accounted for in this fund, including but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. BASIS OF PRESENTATION - Continued

FUND FINANCIAL STATEMENTS - Continued

Additionally, the City reports the following fund types:

Governmental Funds

Special Revenue Funds. Special Revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. These funds account for the revenues and expenditures related to federal, state and local grant and entitlement programs.

Debt Service Funds. Debt Service funds, established to meet requirements of bond ordinances, are used to account for the accumulation of resources for and the payment of general long-term debt principal, interest, and related costs.

Capital Projects Funds. Capital Projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. The following are the City's proprietary fund types:

Enterprise Funds. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is adequate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds. Internal Service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies, or to other government, of the City on a cost reimbursement basis.

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. BASIS OF PRESENTATION - Continued

FUND FINANCIAL STATEMENTS - Continued

Fiduciary Fund (Not included in government-wide statements).

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of other funds within the City of Opelousas. The fund accounted for in this category by the City is the Agency Fund. The Agency Fund is as follows:

Agency Fund. Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other funds and/or other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in Item 2 below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

1. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
2. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.
3. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Services for water and sewer are recorded as revenue when billed to customers on a monthly route reading cycle. At the end of the year, utilities services which have been rendered from the latest date of each route reading cycle to year-end which are unbilled, are accrued for financial reporting purposes.

D. DEPOSITS AND INVESTMENTS

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the City. For the purpose of the Proprietary Fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

The City is authorized by LA RS 39:1211-1245 and 33:2955 to invest in the following:

1. United States Treasury Bonds
2. United States Treasury Notes
3. United States Treasury Bills

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. DEPOSITS AND INVESTMENTS - Continued

4. Obligations of U.S. Government Agencies, including Federal Home Loan Bank bonds, Government National Mortgage Association bonds, or a variety of "Federal Farm Credit" bonds.
5. Fully collateralized certificates of deposit issued by qualified commercial banks and savings and loan associations located within the State of Louisiana.
6. Fully collateralized repurchase agreements.
7. Fully collateralized interest-bearing checking accounts.
8. Mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States Government or its agencies.
9. Any other investment allowed by state statute for local governments.

Investments are stated at cost except for investments in the Proprietary Funds which are reported at cost or amortized cost. The cost and/or amortized cost approximates market value.

E. RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (non-current portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines, and ambulance fees. Business-type activities report utilities and interest earnings as their major receivables.

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. RECEIVABLES AND PAYABLES - Continued

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible, but not available, are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The amount of taxes receivable at year-end is not material.

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the adjustment of an allowance account.

F. INVENTORIES AND PREPAID ITEMS

Inventory is valued at cost and is recognized as an expenditure under the consumption method. Under this method, inventories are recorded as expenditures when they are used. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. CAPITAL ASSETS

The accounting treatment over property, plant and equipment (capital assets) depends on whether they are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Prior to GASB No. 34, governments were not required to report general infrastructure assets. The City of Opelousas did not capitalize infrastructure expenditures. During the prior fiscal year, the City began capitalizing infrastructure. However, the City of Opelousas is delaying the retroactive reporting of its major general infrastructure assets until the fiscal year ending August 31, 2007 as is allowed by GASB No. 34.

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. CAPITAL ASSETS - Continued

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated assets, which are recorded at their estimated fair value at the date of donation. The City of Opelousas maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20 - 60 years
Furniture and equipment	5 - 15 years
Vehicles	3 - 15 years
Water system	20 - 50 years
Sewerage system	20 - 50 years
Meters	10 - 20 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as facilities acquisition and construction expenditures of the governmental fund upon acquisition.

H. RESTRICTED ASSETS

Restricted assets include cash and investments that are legally restricted as to their use.

I. ACCUMULATED VACATION AND SICK LEAVE

In general, the City allows employees to accumulate a maximum of one-third (1/3) of vacation earned during a calendar year. Unused vacation in excess of one-third (1/3) shall be automatically added to the employee's sick leave account. They are also allowed to accumulate all of the sick leave they earn during a calendar year. Upon termination or retirement, an employee shall be paid all of his accumulated vacation pay. An employee shall be paid one-fourth (1/4) of his accumulated sick leave, up to a maximum of thirty (30) days only upon retirement.

The employees of the Police Department have 365 days of sick leave a year. Each of these employees earn 144 hours of vacation each year and are allowed to accumulate one year of vacation pay. After ten years of service, field workers get an additional 12 hours each year and office personnel get an additional 8 hours each year not to exceed 240 hours.

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. ACCUMULATED VACATION AND SICK LEAVE - Continued

The employees of the Fire Department have 365 days of sick leave a year. Each of these employees earn 216 hours of vacation leave per year. After ten years of service, these employees get an additional 24 hours each year not to exceed 240 hours. Employees who do not take any sick leave earn an additional 24 hours of vacation leave. Also, employees who do not have any injuries on the job during the year earn an additional 24 hours of vacation leave. Therefore, the maximum vacation an employee can earn is 360 hours. A maximum of (1/3) of unused vacation shall be accumulated per year.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

J. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources net of the applicable premium or discount and payment of principal and interest reported as expenditures. For fund financial reporting, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

K. EQUITY CLASSIFICATIONS

In the government-wide statements, equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

K. EQUITY CLASSIFICATIONS – Continued

3. Unrestricted net assets - All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

L. COMPARATIVE DATA

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the government’s financial position and operations. However, comparative data has not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

M. EXTRAORDINARY AND SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

N. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE (2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Information - The City of Opelousas uses the following budget practices:

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to August 15, the Mayor submits to the Council a proposed operating budget for the year commencing the following September 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED

3. All actions necessary to adopt and otherwise finalize and implement the budget for an ensuing year are taken prior to the end of the year in progress. The budget is legally enacted through passage of an ordinance.
4. An amendment involving the transfer of monies from one department to another or from one program or function to another or any other increases in expenditures exceeding amounts estimated must be approved by the Mayor.
5. All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end.
6. Budgets for all governmental fund types are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Excess of Expenditures over Appropriations - The following individual funds had actual expenditures over budgeted appropriations for the fiscal year ended August 31, 2006:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$13,976,106	\$14,829,439	\$(853,333)

Deficits - The following individual funds had deficits in unrestricted net assets and/or fund balances at August 31, 2006:

	<u>Deficit Amount</u>
General Fund	\$261,889
Electric Light and Waterworks	4,922,412
Health Self Insurance Fund	301,165

NOTE (3) DEPOSITS AND INVESTMENTS

State law requires deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision, or with an unaffiliated bank, or with a trust company for the account of the political subdivision.

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (3) DEPOSITS AND INVESTMENTS - CONTINUED

The City of Opelousas has invested \$3,030,637 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section I50.126, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section I50.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA - R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2002, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2002 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the state to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2002, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (3) DEPOSITS AND INVESTMENTS - CONTINUED

At August 31, 2006, the carrying amount of the City of Opelousas' deposits was \$27,018,324, and the bank balances were \$27,254,682. The bank balances were collateralized as follows:

<u>Institution</u>	<u>Bank Balance</u>	<u>Amount Insured by FDIC</u>	<u>Amount Collateralized by Securities held at 3rd Party Bank</u>
Interest-bearing			
Hancock Bank	\$4,035,726	\$100,000	\$4,300,953
American Bank	4,035,726	100,000	4,357,524
Mid South Bank	4,035,726	100,000	4,163,319
Washington State Bank	<u>12,116,867</u>	<u>100,000</u>	<u>12,474,701</u>
	24,224,045	<u>400,000</u>	<u>25,296,497</u>
Investment in Louisiana Asset Management Pool (LAMP)	<u>3,030,637</u>		
	<u>27,254,682</u>		

NOTE (4) RECEIVABLES

The receivables of \$2,298,733 at August 31, 2006 consist of the following:

Governmental Activities

Sales Tax Fund	
Sales tax receivable	\$6,219
Emergency Shelter Grant Fund	
Grant receivable	1,020
Debt Service Fund	
Special Assessments	367,616
Accrued interest	520,171
Internal Service Fund	
Insurance receivable	415
<u>Total</u>	<u>895,441</u>

Business-type Activities

Electric Light and Waterworks	
Customers' accounts receivable	553,404
CLECO operating fee	142,500
CLECO surcharge	43,281
Sewer Fund	
Customers' accounts receivable	531,900
Other	562
Rural Economic and Community Development Grant Fund	
Customers' loans receivable	<u>131,645</u>
<u>Total</u>	<u>1,403,292</u>

Total receivables 2,298,733

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (5) ASSESSMENTS RECEIVABLE

The City had \$367,616 in outstanding assessments receivable as of August 31, 2006.

Dated property which the City has received to date due to nonpayment of assessments is reported in the GWFS as a governmental activity. These properties were removed from the Debt Service Fund at the amount of the assessment receivable and interest accrued up to the time the City obtained possession of the property. The amount as of August 31, 2006 included in the GWFS is \$255,420.

NOTE (6) PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the parish. Assessed values are established by the St. Landry Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. For the calendar year ended December 31, 2006, the City levied taxes at 7.03 mills per dollar of assessed valuation on property within the City for the purpose of providing governmental services other than the payment of principal and interest on long-term debt. The amount of uncollected taxes at year-end are not material and have not been booked.

NOTE (7) INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds" in the fund financial statements. In the government-wide financial statements, interfund receivables and payables are eliminated within the governmental activities and within the business-type activities. All of these accounts are expected to be repaid within one year from the date of the financial statements. Interfund receivables and payables in the fund financial statements are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$5,344	\$76,656
Special Revenue Funds:		
Sales tax	250,000	
LCDB		5
Enterprise Funds:		
Electric Light and Waterworks	480,363	28,933
Sewer Fund		494,180
Internal Service Funds:		
Internal Service A		555
Internal Service G	555	
Health Self Insurance Fund		250,000
Agency Fund:		
Payroll	<u>258,931</u>	<u>144,864</u>
	<u>995,193</u>	<u>995,193</u>

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (8) GOVERNMENTAL FUND TYPES, SPECIAL REVENUE, DEDICATION OF PROCEEDS AND FLOW OF FUNDS, 2.2 PERCENT SALES AND USE TAX

The City of Opelousas has a total sales tax of 2.2 percent which was authorized in three separate elections.

The first 1 percent sales tax was levied by authority of a special election held on November 26, 1966, and is dedicated to the following purposes:

1. Constructing and improving drainage works; purchasing, constructing and improving public parks and recreational facilities, and acquiring necessary equipment and furnishings therefore; acquiring, constructing, improving, and operating a public library and acquiring the necessary land, equipment, and furnishings therefore; acquiring and constructing waterworks improvements and extensions; opening, constructing, paving, and improving streets and bridges; constructing and purchasing street lighting facilities and acquiring and establishing an industrial park, title to all of which shall be public.
2. Defraying the cost of maintaining sewerage facilities.
3. Providing additional funds not to exceed forty thousand dollars (\$40,000.00) annually for the payment of salaries for municipal employees.

Any monies remaining in the Sales Tax Fund shall be considered as surplus. Such surplus may be used by the City for any of the purposes for which the composition of the tax is authorized.

The second 1 percent sales tax was initially levied by authority of a special election held on April 5, 1975, and was extended through May 31, 2010, by referendum held on April 29, 1995. This sales tax levy is dedicated to the following purpose:

To constructing, acquiring, improving and/or maintaining of garbage, waste disposal facilities, and waterworks facilities; to constructing, acquiring, improving and/or maintaining police department stations and facilities, and fire department stations and facilities; to constructing, acquiring improving, extending and/or maintaining sewers and sewerage disposal works, streets, sidewalks, and bridges; and purchasing and acquiring the necessary land, equipment, and furnishing for any of the aforesaid public works, improvements and facilities, including salaries of employees.

A 0.2 percent sales tax was levied by authority of a special election held on October 3, 1993, and is dedicated for constructing, acquiring, and improving fire, police and street facilities.

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (9) RESTRICTED ASSETS

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. The City is in material compliance with all such significant limitations and restrictions. A summary of restricted assets by fund as of August 31, 2006 is as follows:

	<u>General Fund</u>	<u>Electric Light and Waterworks Fund</u>	<u>Sewer Fund</u>
Construction	\$5,051,785	\$6,806,362	\$956
Bond sinking accounts	2,091	336,349	281,598
Bond reserve accounts		1,908,989	490,428
Customers' deposits		947,579	
Ad valorem taxes paid in protest	<u>2,719</u>	<u> </u>	<u> </u>
	<u>5,056,595</u>	<u>9,999,279</u>	<u>772,982</u>

NOTE (10) INTERDEPARTMENTAL - UTILITIES USAGE

The Electric Light and Waterworks Fund records at cost the sales and purchases of water between departments. The various funds record these purchases as operating expenditures or expenses. Interdepartmental sales of water to various departments amounted to \$225,000. No consolidating or other eliminating entries were made in arriving at the above figure.

NOTE (11) CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended August 31, 2006, for the City of Opelousas is as follows:

	<u>Balances September 1, 2005</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances August 31, 2006</u>
Governmental activities:				
Land	\$1,785,029	\$50,000		\$1,835,029
Buildings	6,206,227	1,515,000		7,721,227
Improvements other than buildings	1,779,621	382,093		2,161,714
Machinery and equipment	<u>5,625,006</u>	<u>650,607</u>	\$(68,702)	<u>6,206,911</u>
<u>Totals at historical cost</u>	<u>15,395,883</u>	<u>2,597,700</u>	<u>(68,702)</u>	<u>17,924,881</u>
Less accumulated depreciation				
Buildings	(2,338,618)	(121,226)		(2,459,844)
Improvements other than buildings	(1,252,818)	(51,267)		(1,304,085)
Machinery and equipment	<u>(3,113,576)</u>	<u>(422,407)</u>	61,348	<u>(3,474,635)</u>
<u>Total accumulated depreciation</u>	<u>(6,705,012)</u>	<u>(594,900)</u>	<u>61,348</u>	<u>(7,238,564)</u>

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (11) CAPITAL ASSETS - CONTINUED

	Balances September <u>1, 2005</u>	<u>Additions</u>	<u>Disposals</u>	Balances August <u>31, 2006</u>
Governmental activities capital assets, net	<u>\$8,690,871</u>	<u>\$2,002,800</u>	<u>\$(7,354)</u>	<u>\$10,686,317</u>
Business-types activities:				
Land	\$77,698			\$77,698
Buildings	64,451			64,451
Improvements other than buildings	1,262,117			1,262,117
Machinery and equipment	1,315,102			1,315,102
Utility system	42,377,902			42,377,902
Construction in progress	<u>950,592</u>	<u>\$1,223,281</u>		<u>2,173,873</u>
Totals at historical cost	<u>46,047,862</u>	<u>1,223,281</u>	<u>-0-</u>	<u>47,271,143</u>
Less accumulated depreciation				
Buildings	(35,008)	(2,685)		(37,693)
Improvements other than buildings	(1,249,172)	(3,814)		(1,252,986)
Machinery and equipment	(1,274,805)	(17,037)		(1,291,842)
Utility system	(23,656,985)	(835,701)		(24,492,686)
Total accumulated depreciation	<u>(26,215,970)</u>	<u>(859,237)</u>	<u>-0-</u>	<u>(27,075,207)</u>
Business-type capital assets, net	<u>19,831,892</u>	<u>364,044</u>	<u>-0-</u>	<u>20,195,936</u>

Depreciation expense was charged to governmental activities as follows:

General government	
Executive	\$51,271
Judicial	
City Court	21,454
Administration	
Purchasing	23,053
Civil Service	829
Total general government	<u>96,607</u>
Public safety	
Police	247,107
Fire	<u>100,802</u>
Total public safety	<u>347,909</u>

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (11) CAPITAL ASSETS - CONTINUED

Public works	
Streets	\$43,965
Municipal garage	<u>3,618</u>
<u>Total public works</u>	<u>47,583</u>
Health and welfare	
Code enforcement	1,688
Summer workers	<u>1,200</u>
<u>Total health and welfare</u>	<u>2,888</u>
Culture and recreation	
Parks and recreation	85,797
Tourism	6,924
Main Street Program	521
Museum	<u>4,399</u>
<u>Total culture and recreation</u>	<u>97,641</u>
Economic development	
Community development	338
Economic development	<u>575</u>
<u>Total economic development</u>	<u>913</u>
<u>Total depreciation, expense - General Fund</u>	<u>593,541</u>
Internal Service G	<u>1,359</u>
<u>Total</u>	<u>594,900</u>

NOTE (12) FRANCHISE AGREEMENT WITH CLECO

On May 14, 1991, the City of Opelousas entered into a franchise agreement with Central Louisiana Electric Company, Inc. (CLECO) for operating and distributing electricity within the corporate limits of the City of Opelousas.

The primary term of this Agreement shall be for a period of ten (10) years from August 11, 1991 to August 11, 2002, with the option granted to CLECO to renew such Agreement for three (3) additional ten-year periods. The City of Opelousas renewed this Agreement for a period of ten (10) years from August 11, 2001 to August 11, 2011.

The City shall continue to own its electric distribution system within the City, but enters into an operating Agreement with CLECO whereby CLECO is granted the full right to use and operate same and to repair and replace lines, poles and other equipment as and when deemed necessary for the purpose of efficiently maintaining the system. The electric distribution system does not include the City's power plant and CLECO has no rights or obligations relative to the power plant. All improvements made by CLECO are to be purchased by the City at the end of the lease at cost less depreciation.

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (12) FRANCHISE AGREEMENT WITH CLECO - CONTINUED

Under the terms of the Agreement, that for and in consideration of the City granting to CLECO the franchise and the right to use the City's electric distribution system, CLECO binds and obligates itself to pay the following:

1. The sum of \$160,000 upon execution of the Agreement.
2. The amount payable by the City to Southwest Louisiana Electric Membership Cooperative (SLEMCO), not to exceed \$4,500,000. The City agreed to pay said amount to SLEMCO immediately and to transfer title for all improvements, additions and replacements furnished by SLEMCO to CLECO.
3. A monthly payment of \$142,500 for 120 months beginning August 11, 2001 for operations.
4. A franchise fee of equal to four percent (4%) of the amounts receivable by CLECO from the sale and delivery of electric energy at retail for residential and commercial purposes, commencing August 11, 2001. This amount shall be paid monthly and the annual amount shall be no less than \$350,000.

CLECO shall also bill and collect for and on behalf of the City a consumer service charge, the amount of which will be added to each consumer's bill on a cost per kilowatt-hour basis. The amount of this surcharge shall be determined by the Mayor and Board of Aldermen of the City.

NOTE (13) FRANCHISE AGREEMENT WITH SLEMCO

On March 1, 2006, the City of Opelousas entered into a franchise agreement with Southwest Louisiana Electric Membership Corporation (Slemco) for operating and distributing electricity within the corporate limits of the City of Opelousas, with the exception of the "Excluded Area." The excluded area is defined as all areas that were within the Opelousas city limits as those city limits existed in August 1991 when the City leased its City-owned electrical system to Central Louisiana Electric Company (CLECO).

The primary term of the Agreement shall be for a period of six (6) years and six (6) months commencing on March 1, 2006 and ending on August 11, 2011.

The City entered into an operating Agreement with Slemco whereby Slemco is granted the right and privilege of constructing, erecting, maintaining, and operating Slemco's electric transmission and distribution lines and systems, for the purpose of selling, servicing, handling, and distributing electricity and electric energy within the corporate limits of the City as they existed on March 1, 2006 and as thereafter extended on Slemco lines, including poles, lines, wires, insulators, transformers, services, arms, braces, guys, and all other necessary or usual attachments and appurtenances, along, across, over, under and on the streets, lanes, highways, public roads, and other public places in the City, with the exception of the "Excluded Area."

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (13) FRANCHISE AGREEMENT WITH SLEMCO -CONTINUED

Under the terms of the Agreement, that for and in consideration of the City granting to Slemco the franchise and the right to operate Slemco's electric transmission and distribution line and systems, Slemco binds and obligates itself to pay the following:

1. The sum of \$373,708 upon execution of the Agreement.
2. A monthly franchise fee of equal to four (4%) percent of gross revenue collected by Slemco from its retail sale and delivery of electric energy in the City.

NOTE (14) ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The payables of \$1,231,117 at August 31, 2006 are as follows:

Governmental Activities

General Fund

Accounts payable	\$685,174
Police Retirement payable	25,182
Accrued wages payable	110,290
Permit deposits payable	15,600
Accrued retirement payable	29,800
Football deposits	1,175
Due to payroll account	<u>76,651</u>
<u>Total General Fund</u>	943,872

Police Seized Fund

Unsettled deposits payable	32,096
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Emergency Shelter Grant

Accounts payable	1,000
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Internal Service Fund G

Claims payable	114,349
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Workmen's Compensation Fund

Accounts payable	<u>155,438</u>
<u>Total governmental activities</u>	<u>1,246,755</u>

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (14) ACCOUNTS PAYABLE AND ACCRUED EXPENSES - CONTINUED

Business-type Activities

Electric Light and Waterworks

Accounts payable	\$80,030
Accrued wages payable	10,822
Accrued retirement payable	5,402
Retainage payable	34,787
Due to payroll account	<u>25,962</u>
Total Electric Light and Waterworks	<u>157,003</u>

Sewer Fund

Accounts payable	31,119
Accrued wages payable	2,637
Accrued retirement payable	1,236
Retainage payable	7,975
Due to payroll account	<u>11,453</u>
Total Sewer Fund	<u>54,420</u>

Total business-type activities **211,423**

Total accounts payable and accrued expenses **1,458,178**

NOTE (15) LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended August 31, 2006:

	<u>Balances</u> <u>9/01/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>8/31/06</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities</u>					
Bonds payable					
Refunding bonds,					
Series 2003	\$355,000		\$110,000	\$245,000	\$120,000
Public Improvement					
Bonds, Series 2005		\$5,810,000	160,000	5,650,000	185,000
Certificate of Indebtedness,					
Series 2006		110,000		110,000	35,000
Special assessment bonds	<u>7,105</u>		<u>7,105</u>		
Total bonds payable	362,105	5,920,000	277,105	6,005,000	340,000
Capital leases	66,509	138,866	99,301	106,074	45,675
Municipal Police Employees'					
Retirement System payable	1,006,142		82,805	923,337	88,755
Compensated absences					
payable	950,909	24,148		975,057	218,587
Disability payable	<u>232,271</u>		<u>232,271</u>		
Total governmental activities	<u>2,617,936</u>	<u>6,083,014</u>	<u>691,482</u>	<u>8,009,468</u>	<u>693,017</u>

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (15) LONG-TERM OBLIGATIONS - CONTINUED

<u>Business-type Activities</u>	<u>Balances</u> <u>9/01/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>8/31/06</u>	<u>Due Within</u> <u>One Year</u>
Accrued compensated absences					
Electric Light and Waterworks	\$67,862		\$2,185	\$65,677	
Sewer Fund	38,817		15,030	23,787	
Utility Revenue Bonds					
Refunding Bonds,					
Series 2003	760,000		245,000	515,000	\$255,000
Series 1995 - Water	160,000		160,000		
Series 1998 - Sewer	705,000		45,000	660,000	45,000
Series 1999 - Sewer	2,955,908		170,000	2,785,908	180,000
Series 2000 - Sewer	4,631,498		60,000	4,571,498	65,000
Series 2003 - Sewer	910,593		46,000	864,593	49,000
Series 2004 - Water	2,300,000		190,000	2,110,000	200,000
Series 2006 - Water		<u>\$7,800,000</u>		<u>7,800,000</u>	<u>195,000</u>
<u>Total business-</u> <u>type activities</u>	<u>12,529,678</u>	<u>7,800,000</u>	<u>933,215</u>	<u>19,396,463</u>	<u>989,000</u>
<u>Total long-term</u> <u>obligations</u>	<u>15,147,614</u>	<u>13,883,014</u>	<u>1,624,697</u>	<u>27,405,931</u>	<u>1,682,017</u>

General Obligation Bonds. The City of Opelousas issues general obligation bonds to provide funds for the acquisition and construction of major capital projects and to refund general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding at August 31, 2006 are as follows:

	<u>Amount</u>
Refunding bonds - Series 2003	2.6% \$245,000
Public Improvement Bond - Series 2005	4.45% 5,650,000
Certificate of Indebtedness - Series 2006	5.25% <u>110,000</u>
	<u>6,005,000</u>

Refunding Bonds in the original amount of \$1,580,000 were issued on September 1, 1998 for the purpose of refunding the outstanding Certificates of Indebtedness issues, Series 1993, Series 1994, and Series 1995 in the total principal amount at that date of \$2,220,000. The City paid \$699,099 out of existing sinking fund, reserve fund and excess cash funds in order to redeem principal and interest on the refunded bonds. This advance refunding was undertaken to obtain an economic gain of \$94,446.

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (15) LONG-TERM OBLIGATIONS - CONTINUED

A public improvement bond in the original amount of \$5,810,000 was issued on December 19, 2005 for the purpose of city wide street improvements. The bond has a stated interest rate of 4.45%.

A certificate of indebtedness in the original amount of \$110,000 was issued on July 25, 2006 for the purpose of purchasing a new fire truck. The bond has a stated interest rate of 5.25%.

Special Assessment Debt. The City of Opelousas has one special assessment debt outstanding at August 31, 2006. Paving Certificates, Series 1996, were issued in 1996 to provide funds for the paving of a residential street. The bonds have a stated interest rate of 6% and are payable in 10 equal installments with the last payment made on May 1, 2006.

Capital Leases

The City entered into a lease purchase agreement with Regions Financial Corporation for a Ford Expedition on March 7, 2003. The lease calls for thirty-six monthly payments of \$947 beginning April 6, 2003.

The City entered into a master governmental lease purchase agreement with Regions Financial Corporation for eight 2005 motor vehicles on September 2, 2003. The first monthly payment was due on October 2, 2003 with the final payment due on September 2, 2006. This agreement requires monthly payments of \$5,151.82 for thirty-six months.

The City entered into a master lease purchase agreement with United Bank & Trust Co. for seven 2006 police cars on November 17, 2005. The first monthly payment was due on December 17, 2005 with the final payment due on November 17, 2008. This agreement requires monthly payments of \$4,161.72 for thirty-six months.

Municipal Police Employees' Retirement System. The Municipal Police Employees' Retirement System (MPERS) liability was incurred on July 1, 1986. This liability resulted from the merger of the City of Opelousas pension obligations for retired members and beneficiaries into the MPERS of the State of Louisiana. The MPERS liability will be paid in quarterly installments of \$37,773 including interest of 7 percent over a twenty-seven year period which commenced July 1, 1986. This debt will be retired from future revenues of the City.

Compensated Absences. Compensated absences payable consists of the portion of accumulated sick leave of the governmental funds that are not expected to require current resources. The additions and deductions for 2006 represent the net change during the year.

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (15) LONG-TERM OBLIGATIONS - CONTINUED

Revenue Bonds

The City of Opelousas also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at August 31, 2006 are as follows:

		<u>Amount</u>
Utility Revenue Bonds, Series 1998 (sewer)	2.45%	\$660,000
Series 1994 Refunding Bonds (sewer)	2.50%	515,000
Utility Revenue Bonds, Series 1999 (sewer)	3.45%	2,785,908
Utility Revenue Bonds, Series 2000 (sewer)	3.45%	4,571,498
Utility Revenue Bonds, Series 2003 (sewer – in progress)	3.45%	864,593
Utility Revenue Bonds, Series 2005 (Electric Light & Waterworks)	3.65%	2,110,000
Utility Revenue Bonds, Series 2006 (Electric Light & Waterworks)	4.0 – 5.0%	<u>7,800,000</u>
		<u>19,306,999</u>

Debt Service Requirements

The annual debt service requirements including interest to amortize all long-term obligations outstanding at August 31, 2006 are as follows:

Governmental Activities

<u>Year Ending August 31,</u>	<u>Refunding Bonds</u>	<u>Public Improvement Bonds</u>	<u>Certificate of Indebtedness</u>	<u>Capital Leases</u>	<u>Municipal Police Employees' Retirement</u>	<u>Compensated Absences</u>
2007	\$126,370	\$436,425	\$40,775	\$49,941	\$151,092	
2008	128,250	438,193	40,938	49,941	151,092	
2009		564,515	39,995	12,485	151,092	
2010		569,830			151,092	
2011		569,255			151,092	
2012-2016		2,875,951			460,007	
2017-2021		<u>2,350,301</u>				
	254,620	7,804,470	121,708	112,367	1,215,467	
Less interest	<u>(9,620)</u>	<u>(2,154,470)</u>	<u>(11,708)</u>	<u>(6,293)</u>	<u>(292,130)</u>	
Net	<u>245,000</u>	<u>5,650,000</u>	<u>110,000</u>	<u>106,074</u>	<u>923,337</u>	<u>975,057</u>

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (15) LONG-TERM OBLIGATIONS - CONTINUED

Business-type Activities

Year Ending August 31,	Compensated Absences	Utility Revenue Bonds						
		Series 1994	Series 1998	Series 1999	Series 2000	Series 2003	Series 2004	Series 2006
2007		\$267,875	\$64,470	\$295,933	\$247,823	\$130,412	\$277,015	\$524,671
2008		266,500	68,143	293,823	250,354	131,535	269,715	539,921
2009			66,667	291,515	252,687	124,698	277,415	624,746
2010			65,193	294,010	421,466	128,842	279,568	575,965
2011			63,718	291,110	421,591	174,899	276,355	579,065
2012-2016			329,840	1,466,385	2,067,586	872,474	1,136,725	2,977,600
2017-2021			135,753	725,688	2,769,256	92,971		3,186,450
2022-2025								<u>2,615,290</u>
<u>Total</u>	<u>\$89,464</u>	<u>534,375</u>	<u>793,784</u>	<u>3,658,464</u>	<u>6,430,763</u>	<u>1,655,831</u>	<u>2,516,793</u>	<u>11,623,708</u>
Less: interest		(19,375)	(111,108)	(762,106)	(1,623,915)	(699,375)	(406,793)	(3,823,708)
DEQ administrative fee			<u>(22,676)</u>	<u>(110,450)</u>	<u>(235,350)</u>	<u>(91,863)</u>		
Net	<u>89,464</u>	<u>515,000</u>	<u>660,000</u>	<u>2,785,908</u>	<u>4,571,498</u>	<u>864,593</u>	<u>2,110,000</u>	<u>7,800,000</u>

Compensated absences payable is not amortizable because the timing of the payouts are based on factors outside the City's control.

The following is a recap of principal, interest, and other charges shown as debt service expenditures in the General Fund and Debt Service Fund:

	General Fund	Debt Service Fund
Principal	\$369,301	\$7,105
Interest and related costs	<u>272,005</u>	<u>426</u>
	<u>641,306</u>	<u>7,531</u>

As of August 31, 2006, General Fund has \$2,017 available to service general long-term debt.

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (16) PENSION PLANS

The City has several pension plans covering substantially all of its employees, as follows:

- Municipal Employees' Retirement System of Louisiana
- State of Louisiana - Municipal Police Employees' Retirement System
- State of Louisiana - Firefighters' Retirement System
- Louisiana State Employees' Retirement System

Substantially all employees are covered under the Municipal Employees' Retirement System of Louisiana except for firemen and policemen which are covered under the Firefighters' Retirement System and Municipal Police Employees' Retirement System, respectively. The City Court Judge is covered under the Louisiana State Employees' Retirement System. Details concerning these plans follow:

1. Municipal Employees' Retirement System of Louisiana

Plan Description

The Municipal Employees' Retirement System of Louisiana (the System) is a cost-sharing multiple-employer public employee retirement system (PERS) as established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS). The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the City are members of Plan A.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week, not participating in another public funded retirement system and under age sixty (60) at date of employment. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of credited service, at or after age 55 with 25 years of credited service, or at any age with 30 or more years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Municipal Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, LA 70809.

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (16) PENSION PLANS - CONTINUED

1. Municipal Employees' Retirement System of Louisiana - Continued

Funding Policy

Plan members are required to contribute 9.25 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. This rate was 16 percent of annual covered payroll until June 30, 2006. As of July 1, 2006, the current rate was changed to 16.25 percent of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the years ended August 31, 2006, 2005 and 2004 were \$491,705, \$402,139 and \$271,439, respectively, equal to the required contributions for each year.

2. State of Louisiana - Municipal Police Employees' Retirement System

Plan Description

The Municipal Police Employees' Retirement System (the System) is a cost-sharing multiple-employer public employee retirement system (PERS).

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, providing they do not have to pay social security and providing they meet the statutory criteria. Employees who retire at or after age 50 with at least 20 years of credited service, or at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit payable monthly for life, equal to 3 1/3 percent of their average final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Municipal Police Employees' Retirement System issues a publicly available report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Police Employees' Retirement System, 8401 United Plaza Blvd., Suite 270, Baton Rouge, LA 70809-7017.

Funding Policy

Plan members are required to contribute 7.5 percent of their annual covered salary. The City was required to contribute 16.25 percent of annual covered payroll until June 30, 2006. As of July 1, 2006, the current rate was changed to 13.5 percent as established by state statute. The City's contributions to the System for the years ended August 31, 2006, 2005 and 2004 were \$331,670, \$388,112 and \$272,777, respectively, equal to the required contributions for each year.

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (16) PENSION PLANS - CONTINUED

3. State of Louisiana - Firefighters' Retirement System

Plan Description

The Firefighters' Retirement System (the System) is a cost-sharing multiple-employer public employee retirement system (PERS), as established and provided for by R.S. 11:2251 through 2269 of the Louisiana Revised Statutes (LRS).

Membership is mandatory as a condition of employment beginning on date employed if the employee is on a permanent basis as a firefighter, not participating in another publicly funded retirement system and under age fifty (50) at date of employment. Employees who retire at or after age 50 with at least 20 years of credited service, or at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit payable monthly for life, equal to 3 1/3 percent of their average final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Firefighters' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Firefighters' Retirement System, P. O. Box 94095 Capitol Station, Baton Rouge, LA 70804-9095.

Funding Policy

Plan members are required to contribute 8 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. This rate was 18 percent of annual covered payroll until June 30, 2006. As of July 1, 2006, the current rate was changed to 15.5 percent of annual covered payroll. The contribution requirements of Plan members are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the years ended August 31, 2006, 2005 and 2004 were \$259,942, \$296,289 and \$226,621, respectively, equal to the required contributions for each year.

4. Louisiana State Employees' Retirement System

Plan Description

The Louisiana State Employees' Retirement System (LASERS) is a qualified defined benefit pension and retirement plan as established and provided for by R.S. 11:558 of the Louisiana Revised Statutes (LRS).

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (16) PENSION PLANS - CONTINUED

4. Louisiana State Employees' Retirement System - Continued

Plan Description - Continued

Membership is mandatory as a condition of employment. Employees who retire with 30 years of credited service at any age, or at or after age 55 with at least 25 years of credited service, or at or after age 60 with at least 10 years of credited service, or with 20 years of credited service at any age with actuarially reduced benefit are entitled to a retirement benefit payable monthly for life, equal to 2.5 percent of their final average compensation for every year of creditable service. An additional \$300 is applied if they joined LASERS before July 1, 1986. Benefits may not exceed 100 percent of four final average compensation. Most employees reach 100 percent of final average compensation at 40 years of membership service credit. Final average compensation is the average annual earned compensation received during the 36 highest months of successive employment, or the highest joined months of employment if service was interrupted. Averages for part-time service are based on pay that would have been received if employment had been full-time. The System also provides death and disability benefits.

The Louisiana State Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to LASERS, P.O. Box 44213, Baton Rouge, LA 70804.

Funding Policy

Plan members are required to contribute 11.5 percent of their annual covered salary. The City was required to contribute 19.10 percent as established by state statute. The City's contributions to the System for the years ended August 31, 2006, 2005 and 2004 were \$6,438, \$5,278 and \$4,445, respectively, equal to the required contributions each year.

NOTE (17) SEGMENT INFORMATION

Enterprise Funds include the Electric Light and Waterworks and Sewer Funds which provide utility services to residents and the Rural Economic and Community Development Fund which accounts for grant funds to establish a revolving loan fund to help local businesses improve the local economy.

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (18) RESTRICTED NET ASSETS

A breakdown of the restricted portion of net assets follows:

Governmental Activities

Insurance claims	
Internal Service A	\$527,964
Internal Service G	2,107,404
Workmen's Compensation Fund	1,633,632
Health Self Insurance Fund	<u>(301,165)</u>
<u>Total</u>	3,967,835
 Certificates of Indebtedness	
Sinking	2,017
Public improvement bond	
Construction fund	5,051,859
Property taxes paid under protest	<u>140</u>
 <u>Total governmental activities</u>	<u>9,021,851</u>

Business-type Activities

Debt Service - Utility Revenue Bonds	
Cash and investments	
Sinking funds	\$542,034
Bond reserve funds	1,885,483
Bond contingency funds	<u>6,766,287</u>
<u>Total cash and investments</u>	\$9,193,804
 Bonds payable within one year	
Net restricted for debt service	(989,000)
Construction payable	(402,540)
Depreciation and Contingency funds	<u>513,934</u>
	8,316,198
Construction	116,944
Customers' meter deposits	
Cash and investments	947,579
Deposits payable	<u>(695,254)</u>
	<u>252,325</u>
 <u>Total business-type activities</u>	<u>8,685,467</u>

NOTE (19) LITIGATION

Various suits and claims are pending against the City, its insurers, and others. In accordance with Statement of Financial Accounting Standards No. 5, the City's Internal Service Fund has provided for, in its financial statements, potential losses from the aforementioned pending suits and claims estimated by the City attorney.

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (19) LITIGATION - CONTINUED

One individual suit concerns the annual 2 ½ percent raise for fiscal years 1984 through 1991. In this suit, City employees are demanding payment as well as lost retirement benefits. If awarded, this suit could cost the City over \$2,000,000 with legal interest. At the present time, it is too early to determine the probability of an unfavorable outcome; thus, no estimate has been made in the Internal Service Fund.

NOTE (20) COMMITMENTS AND CONTINGENCIES

The City received funding under grants from various federal and state agencies. The agency grants specify the purpose for which the grant monies are to be used; the grants are subject to audit by the granting agency or its representative.

NOTE (21) SELF-INSURANCE

The City maintains various self-insurance accounts for general and auto liability, workmen's compensation benefits and health insurance (accounted for in Internal Service Fund G, Internal Service Fund A, Workmen's Compensation Fund and Health Self Insurance Fund, respectively) as of August 31, 2006. Most funds of the City participate in the self-insurance funds by making payments based on premiums necessary to cover claims, administrative cost, and commercial insurance premiums, if applicable.

For the period September 1, 2003, through August 31, 2006, the City was self-insured for the first \$175,000 of each claim relating to workmen's compensation insurance up to an aggregate limit of \$337,853. The City is covered under an insurance contract for the excess liability.

For the fiscal year ended August 31, 2006, the City had two plans relating to the health insurance. If the individual is covered under the first plan, the City was self-insured for the first \$60,000 per person and the insurance company would cover the difference. If the individual is covered under the second plan, the City was self-insured for the first \$40,000 per person and insurance stops paying claims.

A reconciliation of claim liabilities which is included in the financial statements as accounts payable and accrued expenses and claims payable for the self-insurance funds follows:

	Internal Service <u>Fund A</u>	Internal Service <u>Fund G</u>	Workmen's Compensation <u>Fund</u>	Health Self Insurance <u>Fund</u>	<u>Total</u>
Beginning balance		\$107,643		\$382,148	\$489,791
Claims incurred	\$441,917	372,607	\$214,386	2,371,577	3,400,487
Claims paid	<u>(441,917)</u>	<u>(479,352)</u>	<u>(81,785)</u>	<u>(2,616,089)</u>	<u>(3,619,143)</u>
Ending balance	<u>-0-</u>	<u>898</u>	<u>132,601</u>	<u>137,636</u>	<u>271,135</u>

CITY OF OPELOUSAS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE (22) ACCOUNTS RECEIVABLE - UTILITY FUNDS

As of August 31, 2006, the customer receivables recorded in the Electric Light and Waterworks Fund and Sewer Fund are net of allowances for uncollectible accounts. These allowances are \$156,253 and \$138,564, respectively.

As of August 31, 2006, customer receivables include unbilled revenue for the Electric Light and Waterworks Fund and Sewer Fund of \$335,965 and \$297,931, respectively. These amounts represent revenue earned which is not billed until the next billing cycle.

A summary of accounts receivable in the Utility Funds is as follows:

	<u>Electric Light and Waterworks</u>	<u>Sewer</u>	<u>Total</u>
Billed accounts receivable	\$373,692	\$372,533	\$746,225
Unbilled accounts receivable	<u>335,965</u>	<u>297,931</u>	<u>633,896</u>
	709,657	670,464	1,380,121
Allowance for uncollectibles	<u>(156,253)</u>	<u>(138,564)</u>	<u>(294,817)</u>
	<u>553,404</u>	<u>531,900</u>	<u>1,085,304</u>

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES
MAJOR FUNDS

CITY OF OPELOUSAS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	2006				
	BUDGET			VARIANCE	2005
	ORIGINAL	FINAL	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES					
Taxes	\$1,816,000	\$1,907,343	\$2,137,573	\$230,230	\$1,786,923
Licenses and permits	832,500	832,500	773,515	(58,985)	792,468
Intergovernmental	537,680	934,298	988,020	53,722	600,084
Charges for services	276,300	144,857	164,092	19,235	247,448
Fines and forfeitures	124,000	124,454	125,667	1,213	140,620
Other	253,539	519,072	533,396	14,324	305,584
<u>Total revenues</u>	<u>3,840,019</u>	<u>4,462,524</u>	<u>4,722,263</u>	<u>259,739</u>	<u>3,873,127</u>
EXPENDITURES					
Current					
General government	1,958,634	1,974,034	1,951,259	22,775	1,794,621
Public safety	6,560,794	6,545,435	6,728,412	(182,977)	7,157,892
Public works	2,064,685	1,983,006	1,967,110	15,896	1,806,381
Health and welfare	261,724	267,869	241,235	26,634	266,508
Culture and recreation	1,271,339	1,472,995	1,384,475	88,520	1,356,585
Economic development	19,686	101,507	97,942	3,565	116,030
Capital outlays	256,913	1,510,902	1,817,700	(306,798)	380,844
Debt service					
Principal, interest, and other charges	119,780	120,358	641,306	(520,948)	217,667
<u>Total expenditures</u>	<u>12,513,555</u>	<u>13,976,106</u>	<u>14,829,439</u>	<u>(853,333)</u>	<u>13,096,528</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES					
	<u>(8,673,536)</u>	<u>(9,513,582)</u>	<u>(10,107,176)</u>	<u>(593,594)</u>	<u>(9,223,401)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	8,701,006	8,720,121	8,746,750	26,629	8,826,994
Inception of capital leases			138,866	138,866	
General obligation bond proceeds		5,920,000	5,920,000		
Sale of capital assets		30,000	30,933	933	
Operating transfers out			(340,000)	(340,000)	
<u>Total other financing sources (uses)</u>	<u>8,701,006</u>	<u>14,670,121</u>	<u>14,496,549</u>	<u>(173,572)</u>	<u>8,826,994</u>

Continued on next page.

CITY OF OPELOUSAS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE - (CONTINUED)
GENERAL FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	2006				
	BUDGET			VARIANCE	2005
	ORIGINAL	FINAL	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
<u>NET CHANGE IN FUND BALANCE</u>	<u>\$27,470</u>	<u>\$5,156,539</u>	\$4,389,373	<u>(\$767,166)</u>	(\$396,407)
<u>FUND BALANCE,</u> beginning of year			<u>438,378</u>		<u>834,785</u>
<u>FUND BALANCE,</u> end of year			<u>4,827,751</u>		<u>438,378</u>

CITY OF OPELOUSAS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	2006				
	BUDGET			VARIANCE	2005
	ORIGINAL	FINAL	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES					
Taxes - sales	\$7,510,000	\$7,510,000	\$8,911,006	\$1,401,006	\$7,658,703
Other	31,000	31,000	97,123	66,123	38,542
Total revenues	7,541,000	7,541,000	9,008,129	1,467,129	7,697,245
EXPENDITURES					
Current					
General government					
Other services and charges	301,800	304,500	94,324	210,176	114,435
Repairs and maintenance	2,000	2,000	182	1,818	203
Allocated expenditures for services performed by other departments:					
Executive			3,000	(3,000)	3,000
Culture and recreation					
Other services and charges			191,400	(191,400)	191,400
Total expenditures	303,800	306,500	288,906	17,594	309,038
EXCESS OF REVENUES OVER EXPENDITURES					
	7,237,200	7,234,500	8,719,223	1,484,723	7,388,207
OTHER FINANCING USES					
Operating transfers out					
General Fund	(7,209,900)	(7,229,015)	(7,255,644)	(26,629)	(6,614,900)
Sewer Fund	(8,500)	(8,500)	(158,500)	(150,000)	(8,500)
Local assessment					(7,957)
Electric Light and Waterworks Fund		(29,640)	(29,640)		(49,640)
Total other financing uses	(7,218,400)	(7,267,155)	(7,443,784)	(176,629)	(6,680,997)

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CITY OF OPELOUSAS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE - (CONTINUED)
SALES TAX FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	2006				
	BUDGET			VARIANCE	2005
	ORIGINAL	FINAL	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
<u>NET CHANGE IN FUND BALANCE</u>	<u>\$18,800</u>	<u>(\$32,655)</u>	\$1,275,439	<u>\$1,308,094</u>	\$707,210
<u>FUND BALANCE,</u> beginning of year			<u>2,931,482</u>		<u>2,224,272</u>
<u>FUND BALANCE,</u> end of year			<u>4,206,921</u>		<u>2,931,482</u>

OTHER SUPPLEMENTARY INFORMATION
(OPTIONAL)

GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments which are not required legally or by sound financial management to be accounted for in another fund.

CITY OF OPELOUSAS, LOUISIANA
COMPARATIVE BALANCE SHEET
GENERAL FUND
AUGUST 31, 2006 AND 2005

<u>ASSETS</u>	<u>2006</u>	<u>2005</u>
Cash and cash equivalents	\$881,211	\$1,378,655
Due from other funds	5,344	77,470
Due from other governmental units	240,926	282,452
Inventory - at cost	35,624	33,564
Restricted asset:		
Cash and cash equivalents	<u>5,056,595</u>	<u>4,735</u>
<u>Total assets</u>	<u>6,219,700</u>	<u>1,776,876</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$694,872	\$641,921
Deferred revenue - protest taxes	2,579	2,579
Due to other funds	76,656	160,804
Due to other governmental units	399,255	
Accrued compensated absences	<u>218,587</u>	<u>533,194</u>
<u>Total liabilities</u>	<u>1,391,949</u>	<u>1,338,498</u>
<u>FUND BALANCE</u>		
Reserved for debt service	2,017	2,034
Reserved for construction	5,051,859	
Reserved for inventory	35,624	33,564
Reserved for protest taxes	140	122
Unreserved, undesignated	<u>(261,889)</u>	<u>402,658</u>
<u>Total fund balance</u>	<u>4,827,751</u>	<u>438,378</u>
<u>Total liabilities and fund balance</u>	<u>6,219,700</u>	<u>1,776,876</u>

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	2006		VARIANCE FAVORABLE (UNFAVORABLE)	2005 ACTUAL
	BUDGET	ACTUAL		
<u>REVENUES</u>				
Taxes	\$1,907,343	\$2,137,573	\$230,230	\$1,786,923
Licenses and permits	832,500	773,515	(58,985)	792,468
Intergovernmental	934,298	988,020	53,722	600,084
Charges for services	144,857	164,092	19,235	247,448
Fines and forfeitures	124,454	125,667	1,213	140,620
Other	519,072	533,396	14,324	305,584
<u>Total revenues</u>	<u>4,462,524</u>	<u>4,722,263</u>	<u>259,739</u>	<u>3,873,127</u>
<u>EXPENDITURES</u>				
Current				
General government	1,974,034	1,951,259	22,775	1,794,621
Public safety	6,545,435	6,728,412	(182,977)	7,157,892
Public works	1,983,006	1,967,110	15,896	1,806,381
Health and welfare	267,869	241,235	26,634	266,508
Culture and recreation	1,472,995	1,384,475	88,520	1,356,585
Economic development	101,507	97,942	3,565	116,030
Capital outlays	1,510,902	1,817,700	(306,798)	380,844
Debt service				
Principal, interest, and other charges	120,358	641,306	(520,948)	217,667
<u>Total expenditures</u>	<u>13,976,106</u>	<u>14,829,439</u>	<u>(853,333)</u>	<u>13,096,528</u>
<u>DEFICIENCY OF REVENUES UNDER EXPENDITURES</u>	<u>(9,513,582)</u>	<u>(10,107,176)</u>	<u>(593,594)</u>	<u>(9,223,401)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	8,720,121	8,746,750	26,629	8,826,994
Inception of capital leases		138,866	138,866	
General obligation bond proceeds	5,920,000	5,920,000		
Sale of capital assets	30,000	30,933	933	
Operating transfers out		(340,000)	(340,000)	
<u>Total other financing sources (uses)</u>	<u>14,670,121</u>	<u>14,496,549</u>	<u>(173,572)</u>	<u>8,826,994</u>

Continued on next page.

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)
GENERAL FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
			<u>VARIANCE</u>
			<u>FAVORABLE</u>
			<u>(UNFAVORABLE)</u>
<u>NET CHANGE IN FUND</u>			
<u>BALANCE</u>	<u>\$5,156,539</u>	<u>\$4,389,373</u>	<u>(\$767,166)</u>
<u>FUND BALANCE, beginning</u>			
<u>of year</u>		<u>438,378</u>	<u>834,785</u>
<u>FUND BALANCE, end of year</u>		<u>4,827,751</u>	<u>438,378</u>

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	<u>2006</u>		<u>VARIANCE</u>	<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>	<u>ACTUAL</u>
<u>TAXES</u>				
Ad valorem	\$824,053	\$837,125	\$13,072	\$727,075
Franchise	1,083,290	1,300,448	217,158	1,059,848
<u>LICENSES AND PERMITS</u>				
Occupational licenses	740,000	713,611	(26,389)	724,194
Beer and liquor permits	57,000	36,679	(20,321)	42,190
Building permits	10,000	6,696	(3,304)	6,928
Other	25,500	16,529	(8,971)	19,156
<u>INTERGOVERNMENTAL REVENUES</u>				
State beer tax	50,000	51,145	1,145	46,492
Highway maintenance	13,680	13,680		13,680
Insurance rebate	50,000	62,651	12,651	53,167
Video poker	130,000	116,951	(13,049)	110,783
Housing Authority payment in lieu of taxes	40,000		(40,000)	38,695
Housing Authority payment for patrolling				22,500
Federal grants				
DARE reimbursement grant	32,820	44,924	12,104	38,872
DOTD Grant	84,000	79,777	(4,223)	
2004 Firefighter Safety Grant				79,659
Hurricane relief funds	319,676	347,088	27,412	
Racino revenue	165,382	216,953	51,571	159,848
Main Street Facade Grant	9,000	1,000	(8,000)	14,500
OP Master Plan for Atchafalaya	20,469	20,469		9,886
DARE Grant		2,000	2,000	500
Miscellaneous police grants	200	200		1,724
Americorps Vista Grant	19,071	31,182	12,111	9,778
<u>CHARGES FOR SERVICES</u>				
Inspection fees	39,050	65,619	26,569	132,269
Grass cutting fees	386	4,486	4,100	5,717
Park fees	67,145	71,362	4,217	68,852
Sports sponsorships	8,850	7,610	(1,240)	9,210
Other	14,426	15,015	589	12,409
Police security	15,000		(15,000)	17,701
Social Security fee				1,290

Continued on next page.

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)
GENERAL FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	2006			
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>2005 ACTUAL</u>
<u>FINES AND FORFEITURES</u>				
Court fines	\$124,000	\$125,213	\$1,213	\$140,337
Seizures and forfeitures	454	454		283
<u>OTHER</u>				
Tourism/Museum	6,000		(6,000)	469
Interest earned	155,117	202,913	47,796	93,111
Donations	58,780	37,137	(21,643)	
Rent	71,340	97,946	26,606	19,511
Cable - pole rental	23,816	23,816		43,622
Spice & Music Festival	121,421	123,135	1,714	90,467
Insurance Reimbursements				8,925
Miscellaneous	82,598	48,449	(34,149)	49,479
<u>Total revenues</u>	<u>4,462,524</u>	<u>4,722,263</u>	<u>259,739</u>	<u>3,873,127</u>

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	2006		VARIANCE	2005
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
<u>CURRENT</u>				
<u>GENERAL GOVERNMENT</u>				
<u>EXECUTIVE</u>				
Personal services	\$834,352	\$830,403	\$3,949	\$812,032
Supplies and materials	28,500	54,402	(25,902)	43,205
Other services and charges	394,219	370,885	23,334	357,244
Hazard Mitigation	3,750	3,750		26,250
Repairs and maintenance	23,500	38,920	(15,420)	59,341
Allocated expenditures - services performed for other departments	(316,200)	(316,200)		(316,200)
<u>JUDICIAL</u>				
City Court				
Personal services	270,548	270,378	170	268,613
Supplies and materials	11,100	10,447	653	11,228
Other services and charges	166,000	109,837	56,163	154,003
Repairs and maintenance	54,278	45,806	8,472	10,817
Marshall's office				
Personal services	148,757	162,896	(14,139)	135,686
Supplies and materials	1,500	1,385	115	1,689
Other services and charges	5,100	4,231	869	5,527
Repairs and maintenance	11,000	13,677	(2,677)	9,573
<u>ADMINISTRATION</u>				
Purchasing				
Personal services	70,354	72,271	(1,917)	69,127
Supplies and materials	625	422	203	426
Other services and charges	5,550	5,927	(377)	5,248
Repairs and maintenance	1,450	582	868	1,155
Civil Service				
Personal services	119,037	124,870	(5,833)	114,282
Supplies and materials	1,581	1,720	(139)	1,770
Other services and charges	10,344	10,636	(292)	8,929
Repairs and maintenance	600	264	336	475
General				
Other services and charges	128,089	133,750	(5,661)	14,201
<u>Total general government</u>	<u>1,974,034</u>	<u>1,951,259</u>	<u>22,775</u>	<u>1,794,621</u>

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CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)
GENERAL FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	2006		VARIANCE	2005
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
<u>PUBLIC SAFETY</u>				
Police department				
Personal services	\$3,349,248	\$3,549,707	(\$200,459)	\$3,405,456
Supplies and materials	115,090	128,934	(13,844)	156,922
Other services and charges	616,042	645,508	(29,466)	608,568
Repairs and maintenance	276,696	292,552	(15,856)	307,844
Fire department				
Personal services	1,976,348	1,827,849	148,499	2,443,281
Supplies and materials	31,017	23,059	7,958	25,806
Other services and charges	135,445	220,722	(85,277)	155,971
Repairs and maintenance	45,549	40,081	5,468	54,044
<u>Total public safety</u>	<u>6,545,435</u>	<u>6,728,412</u>	<u>(182,977)</u>	<u>7,157,892</u>
<u>PUBLIC WORKS</u>				
Streets and drainage				
Personal services	953,181	965,687	(12,506)	866,074
Supplies and materials	69,800	65,196	4,604	77,529
Other services and charges	627,308	596,143	31,165	581,240
Repairs and maintenance	111,300	133,331	(22,031)	98,992
Municipal garage				
Personal services	181,067	170,943	10,124	154,015
Supplies and materials	15,000	14,599	401	17,060
Other services and charges	8,350	5,194	3,156	6,096
Repairs and maintenance	17,000	16,017	983	5,375
<u>Total public works</u>	<u>1,983,006</u>	<u>1,967,110</u>	<u>15,896</u>	<u>1,806,381</u>
<u>HEALTH AND WELFARE</u>				
Code enforcement				
Personal services	152,636	128,767	23,869	142,890
Supplies and materials	6,000	4,398	1,602	3,807
Other services and charges	103,238	100,684	2,554	99,314
Repairs and maintenance	2,700	2,467	233	920
Summer workers				
Personal services	3,295	4,894	(1,599)	15,952
Other services and charges		25	(25)	3,625
<u>Total health and welfare</u>	<u>267,869</u>	<u>241,235</u>	<u>26,634</u>	<u>266,508</u>

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CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)
GENERAL FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	2006			2005
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>ACTUAL</u>
<u>CULTURE AND RECREATION</u>				
Recreation division				
Personal services	\$119,100	\$110,473	\$8,627	\$116,802
Supplies and materials	28,930	34,438	(5,508)	22,507
Other services and charges	34,900	34,074	826	26,431
Repairs and maintenance				36
Parks administration				
Personal services	575,367	556,743	18,624	560,931
Supplies and materials	38,056	36,450	1,606	34,567
Other services and charges	216,244	149,560	66,684	126,985
Repairs and maintenance	78,400	62,794	15,606	73,761
Tourism				
Personal services	61,275	67,698	(6,423)	52,029
Supplies and materials	3,100	4,040	(940)	2,814
Other services and charges	14,228	13,645	583	10,765
Repairs and maintenance	24,270	24,358	(88)	82,006
Main Street Program				
Personal services	65,631	67,772	(2,141)	48,854
Supplies and materials	8,900	8,920	(20)	2,430
Other services and charges	115,632	114,430	1,202	92,677
Repairs and maintenance	1,705	7,628	(5,923)	11,821
Museum				
Personal services	51,572	55,271	(3,699)	58,013
Supplies and materials	2,900	3,006	(106)	2,671
Other services and charges	20,674	21,951	(1,277)	26,561
Repairs and maintenance	12,111	11,224	887	3,924
<u>Total culture and recreation</u>	<u>1,472,995</u>	<u>1,384,475</u>	<u>88,520</u>	<u>1,356,585</u>
<u>ECONOMIC DEVELOPMENT</u>				
Economic Development				
Personal services	974	1,619	(645)	
Supplies and materials	1,253	1,309	(56)	2,504
Other services and charges	11,493	15,502	(4,009)	10,538
Repairs and maintenance	720	720		1,096
Community Development				
Personal services	56,510	49,069	7,441	72,346
Supplies and materials	1,300	1,643	(343)	1,908
Other services and charges	27,657	27,112	545	25,473
Repairs and maintenance	1,600	968	632	2,165
<u>Total economic development</u>	<u>101,507</u>	<u>97,942</u>	<u>3,565</u>	<u>116,030</u>

Continued on next page.

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)
GENERAL FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	2006		VARIANCE FAVORABLE (UNFAVORABLE)	2005 ACTUAL
	<u>BUDGET</u>	<u>ACTUAL</u>		
<u>CAPITAL OUTLAYS</u>				
General government				
Executive	\$13,695	\$9,514	\$4,181	\$5,279
Administration				
Civil Service				2,146
General	785,000	785,000		
Public safety				
Police department	202,792	183,308	19,484	23,306
Fire department	159,416	143,135	16,281	42,373
Public works				
Streets and drainage	170,669	404,966	(234,297)	240,705
Municipal garage		13,973	(13,973)	
Health and Welfare				
Code enforcement		30,305	(30,305)	
Summer workers				6,000
Culture and recreation				
Parks administration	179,330	247,499	(68,169)	37,445
Tourism				23,590
Total capital outlays	<u>1,510,902</u>	<u>1,817,700</u>	<u>(306,798)</u>	<u>380,844</u>
<u>DEBT SERVICE</u>				
Principal	110,578	369,301	(258,723)	198,928
Interest	9,230	210,319	(201,089)	18,189
Commissions	550	300	250	550
Bond issuance costs		61,386	(61,386)	
Total debt service	<u>120,358</u>	<u>641,306</u>	<u>(520,948)</u>	<u>217,667</u>
<u>Total expenditures</u>	<u>13,976,106</u>	<u>14,829,439</u>	<u>(853,333)</u>	<u>13,096,528</u>

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF OTHER FINANCING SOURCES (USES) -
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	2006		VARIANCE FAVORABLE (UNFAVORABLE)	2005 ACTUAL
	BUDGET	ACTUAL		
<u>OPERATING TRANSFERS IN</u>				
Sales Tax Fund	\$7,229,015	\$7,255,644	\$26,629	\$6,459,900
Electric Light and Waterworks Fund	1,491,106	1,491,106		2,065,782
Internal Service G				47,134
Police Department Seized Fund				5,178
Sewer Fund				249,000
<u>Total operating transfers in</u>	<u>8,720,121</u>	<u>8,746,750</u>	<u>26,629</u>	<u>8,826,994</u>
<u>INCEPTION OF CAPITAL LEASES</u>				
		138,866	138,866	
<u>Total inception of capital leases</u>	<u>0</u>	<u>138,866</u>	<u>138,866</u>	<u>0</u>
<u>GENERAL OBLIGATION BOND PROCEEDS</u>				
	5,920,000	5,920,000		
<u>Total bond proceeds</u>	<u>5,920,000</u>	<u>5,920,000</u>	<u>0</u>	<u>0</u>
<u>SALE OF CAPITAL ASSETS</u>				
	30,000	30,933	933	
<u>Total sale of capital assets</u>	<u>30,000</u>	<u>30,933</u>	<u>933</u>	<u>0</u>
<u>OPERATING TRANSFERS OUT</u>				
Health Self Insurance Fund		(340,000)	(340,000)	
<u>Total operating transfers out</u>	<u>0</u>	<u>(340,000)</u>	<u>(340,000)</u>	<u>0</u>
<u>Total other financing sources</u>	<u>14,670,121</u>	<u>14,496,549</u>	<u>(173,572)</u>	<u>8,826,994</u>

CITY OF OPELOUSAS, LOUISIANA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2006 AND 2005

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTALS</u>	
				<u>2006</u>	<u>2005</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$74,951	\$429,635	\$225,301	\$729,887	\$699,820
Receivables					
Accounts	1,020			1,020	8,245
Special assessments		367,616		367,616	391,652
Accrued interest		520,171		520,171	501,267
<u>Total assets</u>	<u>75,971</u>	<u>1,317,422</u>	<u>225,301</u>	<u>1,618,694</u>	<u>1,600,984</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts payable and accrued	\$33,096			\$33,096	\$34,101
Due to other funds	5			5	5
<u>Total liabilities</u>	<u>33,101</u>	<u>0</u>	<u>0</u>	<u>33,101</u>	<u>34,106</u>
<u>FUND BALANCES</u>					
Reserved for debt service					7,105
Unreserved, undesignated	42,870	\$1,317,422	\$225,301	1,585,593	1,559,773
<u>Total fund balances</u>	<u>42,870</u>	<u>1,317,422</u>	<u>225,301</u>	<u>1,585,593</u>	<u>1,566,878</u>
<u>Total liabilities and fund balances</u>	<u>75,971</u>	<u>1,317,422</u>	<u>225,301</u>	<u>1,618,694</u>	<u>1,600,984</u>

CITY OF OPELOUSAS, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTALS</u>	
				<u>2006</u>	<u>2005</u>
<u>REVENUES</u>					
Intergovernmental	\$15,325			\$15,325	\$15,425
Investment earnings		\$17,170		17,170	9,187
Other	2,718	11,438	\$8,945	23,101	19,846
<u>Total revenues</u>	<u>18,043</u>	<u>28,608</u>	<u>8,945</u>	<u>55,596</u>	<u>44,458</u>
<u>EXPENDITURES</u>					
Current					
General government		6,800		6,800	27,562
Public safety					2,900
Health and welfare	22,550			22,550	12,441
Principal retirement		7,105		7,105	7,105
Interest and other charges		426		426	853
<u>Total expenditures</u>	<u>22,550</u>	<u>14,331</u>	<u>0</u>	<u>36,881</u>	<u>50,861</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(4,507)</u>	<u>14,277</u>	<u>8,945</u>	<u>18,715</u>	<u>(6,403)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating transfers in					7,957
Operating transfers out					(5,178)
<u>Total other financing sources (uses)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,779</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(4,507)</u>	<u>14,277</u>	<u>8,945</u>	<u>18,715</u>	<u>(3,624)</u>
<u>FUND BALANCES, beginning of year</u>	<u>47,377</u>	<u>1,303,145</u>	<u>216,356</u>	<u>1,566,878</u>	<u>1,570,502</u>
<u>FUND BALANCES, end of year</u>	<u>42,870</u>	<u>1,317,422</u>	<u>225,301</u>	<u>1,585,593</u>	<u>1,566,878</u>

NON-MAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Louisiana Community Development Block Grant (LCDBG) Fund

Accounts for monies reimbursed from the Louisiana Community Development Block Grant for street improvements.

Police Department Detective Fund

Accounts for monies transferred from the General Fund to be used for detective investigation.

Emergency Shelter Grant Fund

Accounts for funds received from the State of Louisiana Department of Social Services for the purpose of rehabilitation and operations of the New Life Center and Light House Mission.

Police Witness Fee Fund

Accounts for monies transferred from the General Fund to be used for witness fees.

Police Seized Fund

Accounts for monies received when drug arrests are made and money is seized.

Industrial Park Fund

Accounts for funds received from the sale of land, lease income, or rental income in the City's Industrial Park. The funds received are not restricted.

Myrtle Grove Cemetery Fund

Accounts for funds received from the sale of lots in Myrtle Grove Cemetery. These funds are used for operating and capital expenditures for the Cemetery.

CITY OF OPELOUSAS, LOUISIANA
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 AUGUST 31, 2006 AND 2005

	POLICE DEPARTMENT DETECTIVE FUND	EMERGENCY SHELTER GRANT FUND	POLICE WITNESS FEE FUND	POLICE SEIZED FUND	INDUSTRIAL PARK FUND	MYRTLE GROVE CEMETERY FUND	TOTALS
							2006 2005
LCDBG FUND							
\$5	\$2,280	\$14 1,020	\$7,264	\$32,350	\$15,986	\$17,052	\$74,951 \$73,238
							1,020 8,245
Total assets	5 2,280	1,034	7,264	32,350	15,986	17,052	75,971 81,483

LIABILITIES AND
FUND BALANCES

LIABILITIES

Accounts payable
and accrued expenses
Due to other funds
Total liabilities

\$5	\$1,000	\$32,096	\$33,096	\$34,101
5	1,000	32,096	5	5
	0	0	0	34,106

FUND BALANCES

Unreserved,
undesignated
Total fund balances

	\$2,280	34	\$7,264	254	\$15,986	\$17,052	47,377
0	2,280	34	7,264	254	15,986	17,052	47,377

Total liabilities and
fund balances

5	2,280	1,034	7,264	32,350	15,986	17,052	75,971 81,483
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CITY OF OPELOUSAS, LOUISIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	POLICE DEPARTMENT DETECTIVE FUND	EMERGENCY SHELTER GRANT FUND	POLICE WITNESS FEE FUND	POLICE SEIZED FUND	INDUSTRIAL PARK FUND	MYRTLE GROVE CEMETERY FUND	TOTALS
							2006 2005
<u>REVENUES</u>							
Intergovernmental		\$15,325				\$15,325	\$15,425
Other - interest	\$66	6	\$258	\$1,197	\$574	\$617	1,566
Total revenues	0	15,331	258	1,197	574	617	16,991
<u>EXPENDITURES</u>							
Current							
Public safety		22,550					2,900
Health and welfare		22,550	0	0	0	0	12,441
Total expenditures	0	45,100	0	0	0	0	15,341
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	0	(7,219)	258	1,197	574	617	1,650
<u>OTHER FINANCING USES</u>							
Operating transfers out							(5,178)
Total other financing uses	0	0	0	0	0	0	(5,178)
<u>NET CHANGE IN FUND BALANCES</u>	0	(7,219)	258	1,197	574	617	(3,528)
<u>FUND BALANCES (deficit) beginning of year</u>		2,214	7,006	(943)	15,412	16,435	50,905
<u>FUND BALANCES, end of year</u>	0	2,280	7,264	254	15,986	17,052	47,377

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
POLICE DEPARTMENT DETECTIVE FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	<u>2006</u>			
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>2005 ACTUAL</u>
<u>REVENUES</u>				
Other - interest	\$59	\$66	\$7	\$38
<u>Total revenues</u>	<u>59</u>	<u>66</u>	<u>7</u>	<u>\$38</u>
<u>EXPENDITURES</u>				
<u>Total expenditures</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>59</u>	<u>66</u>	<u>7</u>	<u>38</u>
<u>FUND BALANCE,</u> beginning of year		<u>2,214</u>		<u>2,176</u>
<u>FUND BALANCE, end of year</u>		<u>2,280</u>		<u>2,214</u>

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
EMERGENCY SHELTER GRANT FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	2006			2005
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>ACTUAL</u>
<u>REVENUES</u>				
Intergovernmental				
Housing and urban development	\$28,677	\$15,325	(\$13,352)	\$15,425
Other - interest		6	6	2
<u>Total revenues</u>	<u>28,677</u>	<u>15,331</u>	<u>(13,346)</u>	<u>\$15,427</u>
<u>EXPENDITURES</u>				
Current				
Health and welfare				
Transfer to subrecipient	28,121	22,000	6,121	12,441
Administrative	550	550		
<u>Total expenditures</u>	<u>28,671</u>	<u>22,550</u>	<u>6,121</u>	<u>12,441</u>
<u>NET CHANGE IN FUND</u>				
<u>BALANCE</u>	<u>6</u>	<u>(7,219)</u>	<u>(7,225)</u>	<u>2,986</u>
<u>FUND BALANCE,</u>				
beginning of year		<u>7,253</u>		<u>4,267</u>
<u>FUND BALANCE, end of year</u>		<u>34</u>		<u>7,253</u>

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
POLICE WITNESS FEE FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	<u>2006</u>			
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>2005 ACTUAL</u>
<u>REVENUES</u>				
Other - interest	<u>\$229</u>	<u>\$258</u>	<u>\$29</u>	<u>\$143</u>
<u>Total revenues</u>	<u>229</u>	<u>258</u>	<u>29</u>	<u>\$143</u>
<u>EXPENDITURES</u>				
<u>Total expenditures</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>229</u>	<u>258</u>	<u>29</u>	<u>143</u>
<u>FUND BALANCE,</u> beginning of year		<u>7,006</u>		<u>6,863</u>
<u>FUND BALANCE, end of year</u>		<u>7,264</u>		<u>7,006</u>

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
POLICE SEIZED FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	<u>2006</u>		<u>VARIANCE</u>	<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>	<u>ACTUAL</u>
<u>REVENUES</u>				
Other - interest	\$1,066	\$1,197	\$131	\$723
<u>Total revenues</u>	<u>1,066</u>	<u>1,197</u>	<u>131</u>	<u>723</u>
<u>EXPENDITURES</u>				
Current				
Public safety				
Seized Money Expense	740		740	2,900
<u>Total expenditures</u>	<u>740</u>	<u>0</u>	<u>740</u>	<u>2,900</u>
<u>EXCESS (DEFICIENCY) OF</u> <u>REVENUES OVER (UNDER)</u> <u>EXPENDITURES</u>	<u>326</u>	<u>1,197</u>	<u>871</u>	<u>(2,177)</u>
<u>OTHER FINANCING USES</u>				
Operating transfers out				
General Fund				(5,178)
<u>Total other financing uses</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5,178)</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>326</u>	<u>1,197</u>	<u>871</u>	<u>(7,355)</u>
<u>FUND BALANCE (deficit), beginning of</u>		<u>(943)</u>		<u>6,412</u>
<u>FUND BALANCE (deficit), end of year</u>		<u>254</u>		<u>(943)</u>

CITY OF OPELOUSAS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
INDUSTRIAL PARK FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	2006			2005
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>ACTUAL</u>
<u>REVENUES</u>				
Other - interest		\$574	\$574	\$318
<u>Total revenues</u>	<u>0</u>	<u>574</u>	<u>574</u>	<u>318</u>
<u>EXPENDITURES</u>				
<u>Total expenditures</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>0</u>	<u>574</u>	<u>574</u>	<u>318</u>
<u>FUND BALANCE</u> , beginning of year		<u>15,412</u>		<u>15,094</u>
<u>FUND BALANCE</u> , end of year		<u>15,986</u>		<u>15,412</u>

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
MYRTLE GROVE CEMETERY FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	2006			
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>2005 ACTUAL</u>
<u>REVENUES</u>				
Other - interest	<u>\$549</u>	<u>\$617</u>	<u>\$68</u>	<u>\$342</u>
<u>Total revenues</u>	<u>549</u>	<u>617</u>	<u>68</u>	<u>342</u>
<u>EXPENDITURES</u>				
<u>Total expenditures</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>549</u>	<u>617</u>	<u>68</u>	<u>342</u>
<u>FUND BALANCE</u> , beginning of year		<u>16,435</u>		<u>16,093</u>
<u>FUND BALANCE</u> , end of year		<u>17,052</u>		<u>16,435</u>

NON-MAJOR DEBT SERVICE FUNDLocal Assessment Fund

Accumulates monies for payment of Paving Certificates, Series 1996 of \$71,049. The Paving Certificates are to be retired by assessments on the real properties along those applicable portions of streets within corporate limits.

CITY OF OPELOUSAS, LOUISIANA
COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUND
LOCAL ASSESSMENT FUND
AUGUST 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$429,635	\$410,226
Receivables		
Special assessment	367,616	391,652
Accrued interest	<u>520,171</u>	<u>501,267</u>
<u>Total assets</u>	<u>1,317,422</u>	<u>1,303,145</u>
<u>LIABILITIES</u>		
<u>Total liabilities</u>	<u>0</u>	<u>0</u>
<u>FUND BALANCE</u>		
Reserved for debt service		\$7,105
Unreserved - undesignated	<u>\$1,317,422</u>	<u>1,296,040</u>
<u>Total fund balance</u>	<u>1,317,422</u>	<u>1,303,145</u>
<u>Total liabilities and fund balance</u>	<u>1,317,422</u>	<u>1,303,145</u>

CITY OF OPELOUSAS, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
NON-MAJOR DEBT SERVICE FUND
LOCAL ASSESSMENT FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>REVENUES</u>		
Other		
Interest earned on assessments	\$11,438	\$13,349
Interest on investments	17,170	9,187
<u>Total revenues</u>	<u>28,608</u>	<u>22,536</u>
<u>EXPENDITURES</u>		
Current		
General government		
Allocated expenditure - services performed by executive department	6,800	6,800
Land deeded to City		20,762
Debt service		
Principal retirement	7,105	7,105
Interest and fiscal charges	426	853
<u>Total expenditures</u>	<u>14,331</u>	<u>35,520</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>14,277</u>	<u>(12,984)</u>
<u>OTHER FINANCING SOURCES</u>		
Operating transfers in		7,957
<u>Total other financing sources</u>	<u>0</u>	<u>7,957</u>
<u>NET CHANGE IN FUND BALANCE</u>	14,277	(5,027)
<u>FUND BALANCE, beginning of year</u>	<u>1,303,145</u>	<u>1,308,172</u>
<u>FUND BALANCE, end of year</u>	<u>1,317,422</u>	<u>1,303,145</u>

NON-MAJOR CAPITAL PROJECTS FUNDSCapital Projects Fund

To account for excess monies from CLECO settlement and other sources designated to be used for operating transfers to other funds as designated by management.

1995 Capital Projects Fund

To account for the expenditures associated with the acquisition of equipment and improving of public buildings financed by Certificates of Indebtedness, Series 1995.

CITY OF OPELOUSAS, LOUISIANA
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
AUGUST 31, 2006 AND 2005

	CAPITAL PROJECTS FUND	1995 CAPITAL PROJECTS FUND	TOTALS	
			2006	2005
<u>ASSETS</u>				
Cash and cash equivalents	<u>\$16,403</u>	<u>\$208,898</u>	<u>\$225,301</u>	<u>\$216,356</u>
<u>Total assets</u>	<u>16,403</u>	<u>208,898</u>	<u>225,301</u>	<u>216,356</u>
<u>FUND BALANCES</u>				
Unreserved, undesignated	<u>\$16,403</u>	<u>\$208,898</u>	<u>\$225,301</u>	<u>\$216,356</u>
<u>Total fund balances</u>	<u>16,403</u>	<u>208,898</u>	<u>225,301</u>	<u>216,356</u>
<u>Total liabilities and fund balances</u>	<u>16,403</u>	<u>208,898</u>	<u>225,301</u>	<u>216,356</u>

CITY OF OPELOUSAS, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	CAPITAL PROJECTS FUND	1995 CAPITAL PROJECTS FUND	TOTALS	
			2006	2005
<u>REVENUES</u>				
Other - interest earned	\$624	\$8,321	\$8,945	\$4,931
<u>Total revenues</u>	<u>624</u>	<u>8,321</u>	<u>8,945</u>	<u>4,931</u>
<u>EXPENDITURES</u>				
<u>Total expenditures</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>NET CHANGE IN FUND BALANCES</u>	624	8,321	8,945	4,931
<u>FUND BALANCES, beginning of year</u>	<u>15,779</u>	<u>200,577</u>	<u>216,356</u>	<u>211,425</u>
<u>FUND BALANCES, end of year</u>	<u>16,403</u>	<u>208,898</u>	<u>225,301</u>	<u>216,356</u>

NON-MAJOR ENTERPRISE FUND**Rural Economic and Community Development Grant Fund**

Accounts for grant funds to be used to establish a revolving loan fund to facilitate the development of small and emerging private business, industry, and related employment for improving the economy in rural communities.

CITY OF OPELOUSAS, LOUISIANA
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR ENTERPRISE FUND
RURAL ECONOMIC AND COMMUNITY DEVELOPMENT GRANT FUND
AUGUST 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$97,959	\$129,591
Notes receivables, (net where applicable of uncollectibles)	<u>131,645</u>	<u>90,215</u>
<u>Total assets</u>	<u>229,604</u>	<u>219,806</u>
<u>LIABILITIES</u>		
<u>NET ASSETS</u>		
Unrestricted	<u>\$229,604</u>	<u>\$219,806</u>
<u>Total net assets</u>	<u>229,604</u>	<u>219,806</u>

CITY OF OPELOUSAS, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
NON-MAJOR ENTERPRISE FUND
RURAL ECONOMIC AND COMMUNITY DEVELOPMENT GRANT FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Interest	\$9,812	\$7,273
Other		
<u>Total operating revenues</u>	<u>9,812</u>	<u>7,273</u>
<u>OPERATING EXPENSES</u>		
Supplies		
Legal fees	<u>14</u>	<u>37</u>
<u>Total operating expenses</u>	<u>14</u>	<u>37</u>
<u>OPERATING INCOME</u>	9,798	7,236
<u>NET ASSETS, beginning of year</u>	<u>219,806</u>	<u>212,570</u>
<u>NET ASSETS, end of year</u>	<u>229,604</u>	<u>219,806</u>

CITY OF OPELOUSAS, LOUISIANA
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUND
RURAL ECONOMIC AND COMMUNITY DEVELOPMENT GRANT FUND
FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$28,382	\$18,510
Loan proceeds distributed	(60,000)	
Cash payments for legal fees	(14)	(37)
<u>Net cash provided (used) by operating activities</u>	<u>(31,632)</u>	<u>18,473</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	<u>(31,632)</u>	<u>18,473</u>
<u>CASH, September 1, 2005</u>	<u>129,591</u>	<u>111,118</u>
<u>CASH, August 31, 2006</u>	<u>97,959</u>	<u>129,591</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET</u>		
<u>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating income	\$9,798	\$7,236
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
(Increase) decrease in accounts receivable	(41,430)	11,237
<u>Total adjustments</u>	<u>(41,430)</u>	<u>11,237</u>
<u>Net cash provided (used) by operating activities</u>	<u>(31,632)</u>	<u>18,473</u>

INTERNAL SERVICE FUNDS

Internal Service Fund A

Accounts for the billing to various funds and the payment for automobile claims. This fund also accounts for the monies held in a claims account for self-insurance purposes in connection with the above.

Internal Service Fund G

Accounts for the billing to various funds and the payment of general liability claims. This fund also accounts for the monies held in a claims account for self-insurance purposes in connection with the above coverage.

Workmen's Compensation Fund

Accounts for the billing to the various funds and the payment of insurance premiums for workmen's compensation coverage. This fund also accounts for the monies held in a claims account for the self-insured portion of each claim for the above coverage.

Health Self Insurance Fund

Accounts for the collection of health insurance premiums and the payment of individual claims.

CITY OF OPELOUSAS, LOUISIANA
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2006 AND 2005

	INTERNAL SERVICE FUND A	INTERNAL SERVICE FUND G	WORKMEN'S COMPENSATION FUND	HEALTH SELF INSURANCE FUND	TOTALS
					2006 2005
<u>ASSETS</u>					
Cash and cash equivalents	\$147,492	\$300,148	\$1,310,374	\$86,056	\$1,844,070 \$1,525,013
Investments	381,027	1,909,702	478,696		2,769,425 2,973,243
Accounts receivable				415	415 1,932
Due from other funds		555			555 555
Equipment (net of accumulated depreciation)		11,348			11,348 12,707
<u>Total assets</u>	<u>528,519</u>	<u>2,221,753</u>	<u>1,789,070</u>	<u>86,471</u>	<u>4,625,813 4,513,450</u>
<u>LIABILITIES</u>					
Accounts payable and accrued expenses		114,349	155,438		269,787 110,350
Claims payable				137,636	137,636 382,148
Due to other funds	555			250,000	250,555 250,555
<u>Total liabilities</u>	<u>555</u>	<u>114,349</u>	<u>155,438</u>	<u>387,636</u>	<u>657,978 743,053</u>
<u>NET ASSETS</u>					
Restricted for:					
Insurance claims	527,964	2,107,404	1,633,632	(301,165)	3,967,835 3,770,397
<u>Total net assets</u>	<u>527,964</u>	<u>2,107,404</u>	<u>1,633,632</u>	<u>(301,165)</u>	<u>3,967,835 3,770,397</u>

CITY OF OPELOUSAS, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
 FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	INTERNAL SERVICE FUND A	INTERNAL SERVICE FUND G	WORKMEN'S COMPENSATION FUND	HEALTH SELF INSURANCE FUND	TOTALS
					2006 2005
<u>OPERATING REVENUES</u>					
Charges for services					
Premiums	\$113,934	\$420,952	\$318,792	\$1,848,858	\$2,702,536 \$1,579,489
Miscellaneous					900
Total operating revenues	113,934	420,952	318,792	1,848,858	2,702,536 1,580,389
<u>OPERATING EXPENSES</u>					
Other services and charges					
Claims	441,917	372,607	214,386	2,371,577	3,400,487 2,533,369
Depreciation		1,359			1,359 271
Legal and other	3,000	27,683	65,816		96,499 121,349
Total operating expenses	444,917	401,649	280,202	2,371,577	3,498,345 2,654,989
OPERATING INCOME (LOSS)	(330,983)	19,303	38,590	(522,719)	(795,809) (1,074,600)
<u>NON-OPERATING REVENUES</u>					
Investment income	33,237	94,128	69,517	1,365	198,247 113,026
Total non-operating revenues	33,237	94,128	69,517	1,365	198,247 113,026
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(297,746)	113,431	108,107	(521,354)	(597,562) (961,574)
<u>OPERATING TRANSFERS IN (OUT)</u>					
Operating transfers in				1,107,253	1,107,253
Operating transfers out				(312,253)	(312,253) (47,133)
Total operating transfers in (out)	0	0	0	795,000	795,000 (47,133)
NET INCOME (LOSS)	(297,746)	113,431	108,107	273,646	197,438 (1,008,707)
NET ASSETS (deficit), beginning of year	825,710	1,993,973	1,525,525	(574,811)	3,770,397 4,779,104
NET ASSETS (deficit), end of year	527,964	2,107,404	1,633,632	(301,165)	3,967,835 3,770,397

CITY OF OPELOUSAS, LOUISIANA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	INTERNAL SERVICE FUND A	INTERNAL SERVICE FUND G	WORKMEN'S COMPENSATION FUND	HEALTH SELF INSURANCE FUND	TOTALS
					2006 2005
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Premiums received	\$113,934	\$421,129	\$318,792	\$1,850,198	\$2,704,053 \$1,579,312
General and administrative expenses paid	(3,000)	(6,000)	(52,969)		(61,969) (70,352)
Claims paid	(441,917)	(359,901)	(61,655)	(2,616,089)	(3,479,562) (2,150,174)
Legal expenses paid		(27,683)	(12,847)		(40,530) (50,097)
Net cash provided (used) by operating activities	(330,983)	27,545	191,321	(765,891)	(878,008) (691,311)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Purchase of fixed assets					
Net cash used by capital and related financing activities	0	0	0	0	(12,391) (12,391)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>					
Operating transfers in				1,107,253	1,107,253 250,000
Operating transfers out				(312,253)	(312,253) (47,133)
Net cash provided by non-capital financing activities	0	0	0	795,000	795,000 202,867
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Proceeds from sales of investments	334,000				334,000
Interest earned	33,237	94,128	69,517	1,365	198,247 113,026
Purchase of investments	(27,772)	(81,884)	(20,526)		(130,182) (69,255)
Net cash provided by investing activities	339,465	12,244	48,991	1,365	402,065 43,771
<u>NET INCREASE (DECREASE) IN CASH</u>	8,482	39,789	240,312	30,474	319,057 (457,064)

Continued on next page.

CITY OF OPELOUSAS, LOUISIANA
 COMBINING STATEMENT OF CASH FLOWS - (CONTINUED)
 INTERNAL SERVICE FUNDS
 FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

	INTERNAL SERVICE FUND A	INTERNAL SERVICE FUND G	WORKMEN'S COMPENSATION FUND	HEALTH SELF INSURANCE FUND	TOTALS 2006	2005
<u>CASH AND CASH EQUIVALENTS,</u> September 1, 2005	\$139,010	\$260,359	\$1,070,062	\$55,582	\$1,525,013	\$1,982,078
<u>CASH AND CASH EQUIVALENTS,</u> August 31, 2006	147,492	300,148	1,310,374	86,056	1,844,070	1,525,014
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>						
Operating income (loss)	(\$330,983)	\$19,303	\$38,590	(\$522,719)	(\$795,809)	(\$1,074,600)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation		1,359			1,359	271
(Increase) decrease in accounts receivable		177		1,340	1,517	(1,932)
Increase (decrease) in accounts payable		106,706	152,731		259,437	2,802
Increase (decrease) in claims payable		(100,000)		(244,512)	(344,512)	382,148
Total adjustments	0	8,242	152,731	(243,172)	(82,199)	383,289
Net cash provided (used) by operating activities	(330,983)	27,545	191,321	(765,891)	(878,008)	(691,311)

FIDUCIARY FUND**Payroll Account**

Accounts for the centralization of the City's payroll and related expenses.

CITY OF OPELOUSAS, LOUISIANA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
AUGUST 31, 2006 AND 2005

	<u>PAYROLL ACCOUNT</u>	
	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$98,935	\$84,710
Due from other funds	<u>258,931</u>	<u>215,143</u>
<u>Total assets</u>	<u><u>357,866</u></u>	<u><u>299,853</u></u>
<u>LIABILITIES</u>		
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$213,002	\$154,989
Due to other funds	<u>144,864</u>	<u>144,864</u>
<u>Total liabilities</u>	<u><u>357,866</u></u>	<u><u>299,853</u></u>

RELATED REPORTS

Chizal S. Fontenot, CPA
 James L. Nicholson, Jr., CPA
 G. Kenneth Pavy, II, CPA
 Michael A. Roy, CPA
 Lisa Trouille Manuel, CPA
 Dana D. Quebedeaux, CPA



JOHN S. DOWLING & COMPANY
 A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

John S. Dowling, CPA
 1904-1984
 John Newton Stout, CPA
 1936-2005

Retired

Harold Dupre, CPA
 1996
 Dwight Ledoux, CPA
 1998
 Joel Lanclos, Jr., CPA
 2003
 Russell J. Stelly, CPA
 2005

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
 REPORTING AND ON COMPLIANCE
 AND OTHER MATTERS BASED ON AN AUDIT
 OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
 GOVERNMENT AUDITING STANDARDS**

To the Honorable Donald Cravins, Sr., Mayor
 and the Board of Aldermen
 City of Opelousas, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Opelousas, Louisiana as of and for the year ended August 31, 2006, which collectively comprise the City of Opelousas, Louisiana's basic financial statements and have issued our report thereon dated February 23, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Opelousas' ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 2006-3, 2006-4, 2006-5, 2006-6, and 2006-7.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2006-3, 2006-4, 2006-5, 2006-6, and 2006-7 to be material weaknesses. We also noted certain additional matters involving the internal control over financial reporting that we have reported to the management of the City of Opelousas in a separate letter dated February 23, 2007.

To the Honorable Donald Cravins, Sr., Mayor
and the Board of Aldermen
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Opelousas, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed three instances of noncompliance that is required to be reported under Government Auditing Standards, which is described in the accompanying Schedule of Findings and Questioned Costs as item 2006-1 and 2006-2.

This report is intended solely for the information and use of management, City Council, federal awarding agencies, pass-through entities, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

John S. Dowling & Company

Opelousas, Louisiana
February 23, 2007

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
 TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
 COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Donald Cravins, Sr., Mayor
 and the Board of Aldermen
 City of Opelousas, Louisiana

Compliance

We have audited the compliance of the City of Opelousas, Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended August 31, 2006. The City of Opelousas, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Opelousas, Louisiana's management. Our responsibility is to express an opinion on the City of Opelousas, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Opelousas, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Opelousas, Louisiana's compliance with those requirements.

As described in items 2006-8 and 2006-9 in the accompanying schedule of findings and questioned costs, the City of Opelousas, Louisiana, did not comply with requirements regarding Special Tests and Provisions that are applicable to its Disaster Grants Compliance with such requirements is necessary, in our opinion, for the City of Opelousas, Louisiana, to comply with the requirements applicable to that program.

To the Honorable Donald Cravins, Sr., Mayor
and the Board of Aldermen
Page 2

In our opinion, except for the noncompliance described in the preceding paragraph, the City of Opelousas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2006.

Internal Control Over Compliance

The management of the City of Opelousas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Opelousas' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, pass-through entities, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

John S. Douling & Company

Opelousas, Louisiana
February 23, 2007

SUPPLEMENTARY INFORMATION

CITY OF OPELOUSAS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AUGUST 31, 2006

I. Summary of Audit Results

The following summarizes the auditor's results in accordance with OMB circular A-133:

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Opelousas as of and for the year ended August 31, 2006.
2. Five reportable conditions relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. Two instances of noncompliance material to the financial statements of the City of Opelousas were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award program are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the City of Opelousas expresses a qualified opinion on major federal programs.
6. There are two audit findings relative to the major federal award programs of the City of Opelousas to be reported in Part III of this schedule.
7. The program tested as a major program was the Department of Homeland Security passed through the Louisiana Department of Military Affairs – Disaster Grants – Public Assistance (CFDA #97.036).
8. The threshold for distinguishing Types A and B programs was \$500,000.
9. The City of Opelousas was determined to be a high-risk auditee.

Compliance Material to the Financial Statements

2006-1 Budget Amendment

Condition: The budget was not properly amended for the General Fund.

Criteria: Louisiana Local Government Budget Act (LSA-RS 39:1310) states that the budget must be amended when actual expenditures exceed budgeted expenditures by 5 percent or more.

Cause: The budget for the General Fund was not properly amended.

Effect: Actual expenditures exceeded budgeted expenditures by \$853,333 in the General Fund, which caused the percentage variance to be 6.11 percent.

Recommendation: The City should properly amend the budget for the fiscal year-end.

CITY OF OPELOUSAS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AUGUST 31, 2006

2006-2 Public Bid Law Not Followed

Condition: The City of Opelousas did not follow the public bid law in three separate purchases of vehicles.

Criteria: Louisiana Revised Statute 38:2212 states that all purchases of materials and supplies which exceed \$20,000 shall be advertised and let by contract to the lowest bidder.

Cause: The City failed to comply with the public bid law.

Effect: Purchases of vehicles were made by the City without advertising or obtaining proper bids.

Recommendation: The City should strictly adhere to the Public Bid Law for all purchases.

Internal Control Material to the Financial Statements

2006-3 Inadequate Purchasing Procedures

Condition: In our examination of the City's purchasing procedures, we found numerous incidences where the City either failed to obtain purchase orders or purchase orders were obtained subsequent to the purchase.

Criteria: The City of Opelousas has purchasing procedures in place which ensure that all City expenditures are properly made in accordance with state law and internal control procedures.

Cause: The City failed to adhere to proper purchasing policies and procedures.

Effect: Purchases were made which were not in accordance with state laws and internal control procedures.

Recommendation: The City must adhere to its purchasing procedures in order to ensure expenditures are made in accordance with state law and proper internal controls.

CITY OF OPELOUSAS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AUGUST 31, 2006

2006-4 Inadequate Documentation

Condition: In our testing of expenditures, we noted numerous instances in which the records of the City of Opelousas did not include proper supporting documentation. Based on a sample of expenditures tested, the following departments and amounts in the General Fund did not have proper supporting documentation: Main Street Program \$793 and Executive Department \$3,776.

Criteria: The City has internal control policies and procedures for proper documentation of expenditures that must be adhered to.

Cause: The City failed to comply with its internal control policies and procedures relative to documentation of expenditures.

Effect: The City of Opelousas had \$4,569 in expenditures tested that did not include proper documentation to support the expenditures.

Recommendation: The City should adhere to its policies and procedures with respect to the documentation of expenditures in all instances.

2006-5 Improper Accounts Payable Procedures

Condition: The City of Opelousas did not follow proper accounts payable procedures. We noted numerous instances whereby accounts payable invoices were paid more than once and where the balance forward shown on invoices were paid without researching prior payments.

Criteria: The City has internal control policies and procedures for the setup and payment of accounts payable invoices.

Cause: The City's accounts payable department failed to comply with its internal control policies and procedures.

Effect: The City had invoices which were paid more than once and other invoices where a portion of the invoice was paid more than once resulting in large receivable balances.

Recommendation: The City should verify that all invoices are paid properly without duplication.

CITY OF OPELOUSAS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AUGUST 31, 2006

2006-6 Inadequate Spice and Music Festival Collections

Condition: The City of Opelousas did not properly account for the Spice and Music Festival collections. Tickets and bracelets were missing and there were no collections deposited to account for the missing tickets and bracelets. The price value of the missing tickets which could not be accounted for amounted to \$4,796 and the price value of the missing bracelets which could not be accounted for amounted to \$14,063.

Criteria: The City of Opelousas has specific policies and procedures in place to ensure that all funds are properly received and accounted for during the Festival.

Cause: The City failed to comply with policies and procedures specifically set up relating to collections of proceeds from the Festival.

Effect: The failure to follow proper internal control procedures over collections resulted in tickets and bracelets missing for which no funds were deposited for a total amount of \$18,859.

Recommendation: Internal control policies and procedures set up by the City must be adhered to for all collections of City funds.

2006-7 Bonded City Employees Not Used For the Spice and Music Festival

Condition: The City did not utilize bonded employees for the collection of funds from the Spice and Music Festival or the fundraising events held in connection with the Spice and Music Festival.

Criteria: The City of Opelousas has policies and procedures in place to ensure that all funds are handled only by bonded City employees.

Cause: The City failed to comply with proper internal control procedures relating to the collection of City funds.

Effect: The failure to follow proper internal control procedures over using bonded employees for collections results in legal risk to the City.

Recommendation: Bonded City employees must be utilized for all collections.

CITY OF OPELOUSAS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AUGUST 31, 2006

III. Findings and Questioned Costs - Major Federal Award Programs Audit

Material Instances of Noncompliance

2006-8 Lack of Restriction on FEMA Funds Received

Condition: FEMA reimbursements received were not properly deposited into a restricted account.

Criteria: The City must deposit all restricted resources into restricted bank accounts.

Cause: The City failed to restrict the reimbursements received from FEMA

Effect: Funds received from FEMA were commingled with other City funds.

Recommendation: All money received from federal funds must be deposited into restricted bank accounts.

2006-9 Inadequate Documentation of Expenditures for Reimbursement From FEMA

Condition: The records of the City's reimbursements from FEMA did not include proper supporting documentation for \$40,412 of expenditures reimbursed. We were unable to obtain evidence that the above activities were allowable or for allowable costs.

Criteria: The City must retain proper documentation of all expenditures.

Cause: The City failed to retain and file supporting documentation with FEMA reimbursement records.

Effect: Evidence was not obtained for \$40,412 of expenditures reimbursed by FEMA to verify whether the activity was allowable or for an allowable cost.

Recommendation: The City should adhere to its policies and procedures with respect to the documentation of expenditures in all instances.

CITY OF OPELOUSAS, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AUGUST 31, 2006

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>
U.S. Department of Housing and Urban Development Pass-through payments		
Louisiana Department of Social Services Emergency Shelter Grants Program	14.231	\$15,325
State of Louisiana Office of Community Development Community Development Block Grant -	14.219	196,554
Department of Homeland Security Passed through Louisiana Department of Military Affairs Disaster Grants - Public Assistance	97.036	347,088
Department of Homeland Security Direct Program Assistance to Firefighters Grant Program	97.044	79,777
U.S. Department of Education - Louisiana Department of Education Pass-through payments: Safe and Drug Free Schools	84.186	<u>44,924</u>
<u>Totals</u>		<u>683,668</u>

CITY OF OPELOUSAS, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
AUGUST 31, 2006

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Opelousas. The reporting entity is defined in Note 1 to the financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting for the federal assistance. The basis of accounting is described in Note 1 to the financial statements.

NOTE 3 - SUBRECIPIENTS

The federal expenditures of the Emergency Shelter Grants Program presented in the schedule, were federal awards provided to subrecipients by the City as follows:

<u>Subrecipient Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Opelousas Housing Corporation		
d/b/a New Life Center	14.231	\$12,500
Lighthouse Mission	14.231	<u>9,500</u>
		<u>22,000</u>

CITY OF OPELOUSAS, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS - (CONTINUED)
AUGUST 31, 2006

NOTE 4 - RELATIONSHIP TO FINANCIAL STATEMENTS

Of the total amount of the federal financial assistance revenue, only the reimbursement amount is recorded in the financial statements as revenues. The expenditures which were later reimbursed are recorded in the financial statements as expenses. Federal financial assistance revenue is reported in the City of Opelousas, Louisiana's financial statements as follows:

	<u>Amount</u>
<u>Special Revenue Funds</u>	
Intergovernmental Revenues	
Emergency Shelter Grant Program	<u>\$15,325</u>
<u>General Fund</u>	
Intergovernmental Revenues	
Federal grants	
DARE reimbursement grant	\$44,924
DOTD grant	79,777
Other	
Hurricane relief funds	<u>347,088</u>
<u> Total General Fund</u>	<u>471,789</u>
EL & WW Fund	
Other non-operating revenues	<u>\$196,554</u>

CITY OF OPELOUSAS, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
AUGUST 31, 2006

Section I - Internal Control and Compliance Material to the Financial Statements

2005-1 – Christmas Bonus

Corrective action taken.

2005-2 – Expenditures for Items Not Allowed by State Law

Repeat comment.

2005-3 – Inadequate Purchasing Procedures

Repeat comment.

2005-4 – Inadequate Documentation

Repeat comment.

2005-5 – Spice and Music Festival Collections

Repeat comment.

Section II - Internal Control and Compliance Material to Federal Awards

N/A

Section III - Management Letter

2005-6 – Travel Reimbursements

Corrective action taken.

2005-7 – Non-Compensatory Benefits Received By An Individual That is Paid as An Independent Contractor

Corrective action taken.

2005-8 – Interfund Loans

Repeat comment.

2005-9 – Budget Amendment

Repeat comment.

2005-10 – Timely Submittal of Audit Report

Corrective action taken.

CITY OF OPELOUSAS, LOUISIANA
SCHEDULE OF PER DIEM PAID TO THE GOVERNING BODY
AUGUST 31, 2006

	<u>Salary</u>	<u>Car Allowance</u>	<u>Total</u>
Anna Simmons, Mayor	\$74,411		\$74,411
Joseph Guillory, Pro-Tem	17,831	\$4,200	22,031
LeRoy Payne, Alderman-at-large	18,317	4,200	22,517
Dale Pfefferkorn, Alderman	17,585	4,200	21,785
Huey Hawkins, Alderman	17,001	4,200	21,201
Joe Charles, Alderman	16,439	4,200	20,639
Greg Castain - Alderman	<u>13,919</u>	<u>4,200</u>	<u>18,119</u>
	<u>175,503</u>	<u>25,200</u>	<u>200,703</u>

CITY OF OPELOUSAS, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE - (UNAUDITED)
AUGUST 31, 2006

<u>TYPE OF COVERAGE AND NAME OF COMPANY</u>	<u>NUMBER</u>	<u>PERIOD FROM</u>	<u>PERIOD TO</u>	<u>DETAILS OF COVERAGE</u>	<u>CO-INSURANCE</u>
<u>Workmen's Compensation</u> Safety National Casualty Corp.	AGC-9492-LA	3/01/06	3/01/08	Workmen's compensation	None
<u>Commercial Inland Marine Coverages</u> Hartford Insurance Company	43MSLI3442	7/12/06	7/12/07	Communications equipment, Computer equipment, contractor's equip., signs Deductible - \$1,000	None
<u>Property Coverage</u> Landmark American Insurance Company	LHD346293	4/17/06	4/17/07	Fire and property Deductible - \$50,000 Boiler and machinery	None
<u>All Vehicles</u> Lloyd's London Lincoln General Insurance Company	GGACAP1048	4/17/06 4/17/06	4/18/07 4/17/07	Automobiles Automobiles	None None
<u>Public Officials - Errors and Omissions</u> Lexington Insurance Company	4596604	4/17/06	4/17/07	Public officials	None
<u>Employees Dishonesty Blanket Bond</u> Fidelity and Deposit Company	CCP140654513	1/15/06	1/15/07	Clerks and cashiers	None
<u>Public Officer Bonds</u> Western Surety Company City clerk and tax collector Clerk III Mayor	30374179 6925088 08521919	3/01/06 11/15/06 1/30/06	3/01/07 11/15/07 1/30/07	City clerk Clerk III Mayor	None None None
<u>Fire Department - General Liability and Auto</u> Victor Frank IS	VFIS-CL-0023725	2/09/06	2/09/07	General liability and auto	None

Chizal S. Fontenot, CPA
James L. Nicholson, Jr., CPA
G. Kenneth Pavy, II, CPA
Michael A. Roy, CPA
Lisa Trouille Manuel, CPA
Dana D. Quebedeaux, CPA



JOHN S. DOWLING & COMPANY
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

John S. Dowling, CPA
1904-1984
John Newton Stout, CPA
1936-2005

Retired

Harold Dupre, CPA
1996
Dwight Ledoux, CPA
1998
Joel Lanclos, Jr., CPA
2003
Russell J. Stelly, CPA
2005

To the Honorable Donald Cravins, Sr., Mayor
and the Board of Aldermen
City of Opelousas
Opelousas, Louisiana

We have audited the financial statements of the City of Opelousas, Louisiana, as of and for the year ended August 31, 2006, and have issued our report thereon dated February 23, 2007. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

As part of our examination, we have issued our report on the financial statements, dated February 23, 2007, and our report on internal control and compliance with laws, regulations, contracts, and grants dated February 23, 2007. This letter does not affect our report dated February 23, 2007 on the financial statements of the City of Opelousas.

During our audit, we became aware of the following matters which represent suggestions for improved internal controls or immaterial deviations of noncompliance.

Suggestion for Improved Internal Controls

2006-10 Travel Policy Not Sufficient

Condition: The City's travel policy does not give clear guidance on obtaining proper approval for the travel and meal reimbursements when they are provided by the City or through conference registration fees.

Criteria: The City of Opelousas should have detailed policies and procedures in place to ensure that all travel expenditures are appropriate.

Cause: The City failed to update the travel policy to obtain a clear understanding of the approval and reimbursement process.

Effect: The City's travel policy was not sufficiently clear and resulted in questionable travel expenditures.

Recommendation: We recommend that the travel policy be revised in order to ensure that all travel is for approved City purposes.

To the Honorable Donald Cravins, Sr., Mayor
and the Board of Aldermen
Page 2

2006-11 Interfund Loans

Condition: The City of Opelousas has interfund loans which should be paid back as soon as possible. Several of these loans have been outstanding for several fiscal periods.

Criteria: Interfund loans are temporary by nature and should be settled as soon as possible.

Cause: The City failed to follow up on interfund loans in a timely manner.

Effect: The City of Opelousas had interfund loans which were not cleared at year end.

Recommendation: We recommend that all interfund loans be settled as soon as possible.

Immaterial Deviation of Noncompliance

2006-12 Expenditures for Items Not Allowed by State Law

Condition: Based on a sample of expenditures tested, we noted that the City of Opelousas incurred expenditures in the amount of \$385 during the fiscal year ended August 31, 2006 for items not allowed by state law. The City incurred expenditures for food and alcohol and other expenditures considered to be donations.

Criteria: Article 7 Section 14 of the Louisiana Constitution prohibits public entities from making donations.

Cause: The City's internal controls failed to prevent expenditures not allowed by state law.

Effect: The City failed to adhere to its policies and procedures resulting in the improper expenditures noted above.

Recommendation: The City should strictly adhere to policies and procedures to ensure that all purchases are in compliance with state law.

John S. Dowling & Company

Opelousas, Louisiana
February 23, 2007



DONALD CRAVINS, SR.
MAYOR

ALDERMEN
HARVEY DARBONNE
ALDERMAN-AT-LARGE
BRIAN THOMAS
ALDERMAN, DISTRICT "A"
LOUIS BUTLER, JR.
ALDERMAN, DISTRICT "B"
DALE PEFFERKORN
ALDERMAN, DISTRICT "C"
HUEY HAWKINS
ALDERMAN, DISTRICT "D"
JACQUELINE MARTIN
ALDERMAN, DISTRICT "E"

**CITY CLERK
& TAX COLLECTOR**
FRANCES CARRON, MMC

OFFICERS
PERRY GALLOW
CHIEF OF POLICE
LEE CAHANIN
FIRE CHIEF
KENNETH BOAGNI, JR.
CITY JUDGE
PAUL MOUTON
MARSHAL OF WARD ONE

City of Opelousas

Gateway to Acadiana

CORRECTIVE ACTION PLAN

318 NORTH COURT ST.
P. O. BOX 1879
OPELOUSAS, LA 70571-1879
(337) 948-2520
FAX (337) 948-2534

Louisiana Legislative Auditor

The City of Opelousas respectfully submits the following corrective action plan for the year ended August 31, 2006.

Name and address of independent public accounting firm: John S Dowling & Co.,
P.O. Box 1549, Opelousas, LA 70571-1549

Audit period: Year ended August 31, 2006

The findings from the 2006 audit report are discussed below. The findings are numbered consistently with the numbers assigned in the report.

FINDINGS – FINANCIAL STATEMENT AUDIT

2006-1. Budget Amendment

Corrective Action Planned: The budget will be properly amended to comply within the 5 percent variance.

Contact Person Responsible for Corrective Action: Elaine Hudspeth, Comptroller

Anticipated Completion Date: Prior to August 15, 2007

2006-2. Public Bid Law Now Followed

Corrective Action Planned: Advertised public bids will be obtained for all purchases of materials and supplies which exceed \$20,000.00.

Contact Person Responsible for Corrective Action: Elaine Hudspeth, Comptroller

Anticipated Completion Date: Immediately

2006-3. Inadequate Purchasing Procedures

Corrective Action Planned: New purchasing policies and procedures have been instituted by the new administration to ensure that expenditures are made in accordance with state laws and internal controls. All affected employees have been informed of these procedures. Purchasing practices will be monitored closely to ensure that internal controls are adhered to.

An Equal Opportunity/Affirmative Action Employer

Contact Person Responsible for Corrective Action: Elaine Hudspeth, Comptroller

Anticipated Completion Date: February 28, 2007

2006-4. Inadequate Documentation

Corrective Action Planned: The new administration will ensure that all records will contain supporting documentation. Internal control policies and procedures are being monitored by additional administrative staff.

Contact Person Responsible for Corrective Action: Elaine Hudspeth, Comptroller

Anticipated Completion Date: February 28, 2007

2006-5. Improper Accounts Payable Procedures

Corrective Action Planned: Additional internal controls have been put into place to ensure that all accounts payable invoices are researched and correct balances are paid.

Contact Person Responsible for Corrective Action: Elaine Hudspeth, Comptroller

Anticipated Completion Date: February 1, 2007

2006-6. Inadequate Spice and Music Festival Collections

Corrective Action Planned: Administrative staff will closely monitor collections and sales to ensure that proper internal controls and procedures are complied with and all funds are properly received and accounted for.

Contact Person Responsible for Corrective Action: Karen Frank, City Clerk

Anticipated Completion Date: February 28, 2007

2006-7. Bonded City Employees Not Used for the Spice and Music Festival

Corrective Action Planned: Bonded city employees only will be used for all collections associated with the festival.

Contact Person Responsible for Corrective Action: Karen Frank, City Clerk

Anticipated Completion Date: February 28, 2007

2006-8. Lack of Restriction on FEMA Funds Received

Corrective Action Planned: The prior administration did not restrict any funds received from FEMA. We, the new administration, feel that this is no longer applicable.

Contact Person Responsible for Corrective Action: Elaine Hudspeth, Comptroller

Anticipated Completion Date: N/A

2006-9. Inadequate Documentation of Expenditures for Reimbursement from FEMA

Corrective Action Planned: The transactions took place under the prior administration. The new administration was unable to locate all supporting documentation relating to these expenditures.

Contact Person Responsible for Corrective Action: Elaine Hudspeth, Comptroller

Anticipated Completion Date: N/A

2006-10. Travel Policy Not Sufficient

Corrective Action Planned: The new administration is currently in the process of revising the travel and meal policies. The new policies will provide a clear understanding as to the approval and reimbursement process, and will also require additional documentation be submitted.

Contact Person Responsible for Corrective Action: Elaine Hudspeth, Comptroller

Anticipated Completion Date: March 15, 2007

2006-11. Interfund Loans

Corrective Action Planned: All interfund loans will be settled prior to the fiscal year end.

Contact Person Responsible for Corrective Action: Elaine Hudspeth, Comptroller

Anticipated Completion Date: Prior to August 31, 2007

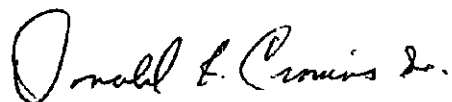
2006-12. Expenditures for Items Not Allowed by State Law

Corrective Action Planned: New policies, procedures, and internal controls have been implemented to ensure that all purchases are in compliance with state law.

Contact Person Responsible for Corrective Action: Elaine Hudspeth, Comptroller

Anticipated Completion Date: February 28, 2007

Sincerely yours,

A handwritten signature in cursive script, reading "Donald R. Cravins Sr.".

Donald R. Cravins, Sr.
Mayor